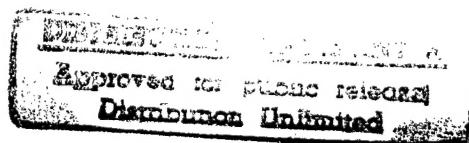




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# ***JPRS Report***

## **East Europe**



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# East Europe

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**Need To Support Bulgarian Minority in Romania**  
93BA0268A Sofia PODKREPA in Bulgarian 6 Nov 92  
p 4

[Article by Stoyan Rusev: "Bulgarians in Romania Need Our Help as Well"]

[Text] *Cultural societies in our northern neighbor are working for the preservation of our national roots.*

*After the last elections of 27 September, the Bulgarian minority in Romania will once again be represented in the Senate—the upper chamber of the Romanian Parliament—by only one deputy. Our compatriot and national representative remains Mr. Karol Ivanov. In Banat the descendants of Bulgarian emigres supported the ticket of the Union of Banat Bulgarians in Romania. Article 59, Paragraph 2 of the Romanian Constitution stipulates that political parties or organizations of ethnic communities which have not obtained the necessary percentage of votes will be entitled to one seat in Parliament.*

A Bulgarian national minority has lived in the land of our northern neighbor for centuries. A more compact Bulgarian population may be found in Banat Province, where it had fled from Turkish slavery after several consecutive uprisings in the 15th, 17th, and 18th centuries. The villages Benesov (Dudesti Vec), Brastia, and Vingia are known to be almost purely Bulgarian. A number of Bulgarians live in the cities of Sinnicolau Mare, Arad, and Timisoara. We find our compatriots in many villages along the entire length of the Danube River. Most of the Bulgarians are rural people, noted for their great industriousness and conscientiousness. They are fond of learning, and their aspiration to acquire an education is one of their enduring qualities. For example, in Breben Sarbu Village, the home of more than 3,000 Bulgarians, 178 have higher training; in Izvorele Village, Teleorman District, in which 4,000 Bulgarians live, 200 children are graduates of higher educational institutions.

It would be difficult to determine the actual total number of Bulgarians in Romania. In population censuses most of them call themselves Serbs.

Iliya from Curogurla Village told me that this confusion of ethnic affiliation is mostly due to historically developed traditions. For centuries, our compatriots in Romania claimed to be Serbs, for the Turkish authorities persecuted Bulgarian but not Serbian emigres in the vassal states. On the eve of World War I, the Romanian Government began to resettle to the north, to Moldova, Bulgarians who were considered members of a then hostile country. Then as well, many emigres from the south concealed their Bulgarian origins. A similar situation developed after the signing of the Craiova Treaty of 1940, when the area of southern Dobrudzha was returned to the Bulgarian state. The treaty called for full reciprocity in the respective resettlement of citizens of both countries. The Bulgarian authorities deported about 100,000 Romanian colonizers from Dobrudzha,

while the Romanian Government began to look for Bulgarians through violent means. Some people were even murdered in order to have the same number of people to be expelled to Bulgaria. It was then as well as later, during the time of Ceausescu, that in Romania it was better to claim to be a Serb rather than a Bulgarian. Bulgaria has never been able to properly protect its compatriots, and by its passive attitude left them into the hands of one propaganda machine or another. That is why now, in the markets of Bucharest, one can see a number of stands owned by Bulgarians and one can hear Bulgarian speech, but the people become wary if asked whether they are of Bulgarian origin.

It is precisely in this area that the national cultural organizations play a role, says Luka Velchev, who is the chairman of the Cultural Society of Bulgarians in Romania, with headquarters in Bucharest. This society is struggling against the loss of national awareness. In his view, it is not a question of turning Romanians into Bulgarians or of promoting any kind of coercive ethnic assimilation, but of the right of every person freely to choose the ethnic culture to which he would like to belong. A similar situation is found in the Wallachian society in Vidin, whose members feel and declare themselves to be Bulgarian but whose old family roots encourage their interest in Romanian culture. It is now excluded that anyone would attempt to change the state borders on the basis of ethnic minorities, for which reason one must fearlessly help them to become a real bridge spanning the cultures of the two countries.

The same cultural, educational, and sports objectives motivated the creation of the Cultural Society of Bulgarians in Romania, in Bucharest. The society was registered on 8 February 1990. Its members would like for the headquarters of the Bulgarian organization for all of Romania to be in Bucharest and not in Timisoara, as in the past. They realize that the Banat Bulgarians are much more united and have a much stronger Bulgarian self-awareness, for which reason they would like to intensify their work in Bucharest and in the departments along the Danube River.

I infinitely regret the existing contradictions which I encountered in Romania between the Banat and Bucharest societies and, in particular, between their leaderships. I hope that after the restoration and legal registration of the Third Bulgarian Sector of the "Bulgarian community in Romania-Bratstvo," which was founded as early as 1892, the leaders of the two organizations will acquire a greater sense of their responsibility to that population which, for so many centuries, has preserved its natural self-awareness.

In discussing such problems, Mrs. Liucia Pacan, a Bulgarian who works for Rompres, emphasizes that some of the contradictions are also due to the lack of contact with Bulgaria. The Bulgarian society has not a single book. It is short of funds. In terms of dollars purchased with lei, the price of Bulgarian newspapers is fantastically high, and subscribing to them is impossible. Mrs. Pacan

appealed on behalf of all Bulgarians in Romania to the editors of newspapers in Sofia to show good will and to send them their publications and other printed matter. We must help them in order that the words of P.R. Slaveykov, said on a similar occasion, do not come true: "God protect us from thunder, hail, and disloyal brothers."

### **Prognosis for Economy Outlined, Discussed**

*93BA0223A Sofia 168 CHASA in Bulgarian 10 Nov 92 p 18*

[Article by a writer group of the Bulgarian Academy Economics Institute: "We Will Choose Between Inflation and Unemployment by the End of the Century"]

[Text] *No economic conditions exist for restoration of entrepreneurialism and the middle class. Society's weariness with reform is increasing.*

A group of scientists of the Economics Institute of the Bulgarian Academy of Sciences has completed a study, "The Economy of Bulgaria to 1995," that has been submitted for scientific discussion. The following elements were taken into account in preparation of this medium-term prognosis: the current condition of the economy and the macroeconomic policy of the government; a prognosis of macroeconomic policy, systems, and institutional reforms in the coming years; foreign trade conditions; relationships among macroeconomic parameters; and the inertia of the economic system.

The most important findings of the study are presented in the following paragraphs.

#### **We Are in an Inflationary Depression**

The condition of the economy at the end of 1992 and the course of economic reform are causing serious concern. The fundamental goals of reform for financial and macroeconomic stabilization have not been reached. The real economy is in a very difficult position. The stage of mass unprofitability of businesses has been reached. The bulk of business profits is being taken away, and billions are even being taken away from business depreciation.

Capital accumulation has halted; there is no restructuring or signs of economic recovery. The Bulgarian economy has fallen into a condition more serious than stagflation. It may be characterized as inflationary depression: a combination of a two-digit drop in the GNP and three-digit inflation.

This depression has been intensified also by the accelerated liberalization of imports that is sending Bulgarian workers and technicians into the street and is creating work for foreigners. Even the most advanced countries cannot afford such luxury, especially in a crisis situation.

Thus far the economic reform has benefited those living on investment income, the criminal speculator stratum,

and high-level government officials at the cost of impoverishment of employed workers, farmers, the intelligentsia, medium-level and low-level government workers, and pensioners. Economic conditions do not exist for restoration of modern entrepreneurialism and the middle class.

There is growing societal weariness with reform. A polarized social structure of the Latin-American type is taking shape in Bulgaria. The statements by highly placed figures to the effect that financial and macroeconomic stabilization has been achieved, that the beginning of economic recovery is expected in six months, and that inflation will moderate to single-digit figures in 1993 are so frivolous as to deserve no attention.

#### **The Gross National Product Will Drop by 1995**

A stable economic recovery cannot be expected before 1995-96. The reasons are greatly restricted domestic demand—consumer, investment, and government—and difficulties in foreign trade. Further decline and stagnation will also be promoted by the absence of capital accumulation and investment activity, the government policy toward sectors enjoying comparative economic advantages and encouragement of the private sector in the production sphere, the slowing of the systemic and institutional reforms, the erroneous agrarian policy, and the one-sided monetarily oriented macroeconomic policy.

The GNP will continue to decline until 1994. Zero growth is expected by 1995, along with unstable stagnation coupled with variable growth of the GNP at the rate of several points below and above zero during the following several years. This will continue almost until the end of the decade, when the economy will live through the fever following illness, slowly and painfully getting back on its feet.

The expectations of stable economic growth immediately after 1995 are illusory. It is very difficult for the economy to recover after seven consecutive years of crisis, with the economic rhythm disrupted, economic links broken, and human capital seriously damaged and demoralized.

#### **The Restrictive Policy Will Fuel the Fires of Inflation to the End of the Decade**

Inflation will remain high in the years to come—around 70 percent in 1993, 50 percent in 1994, and 40 percent in 1995. This will cause major budgetary deficits; increasing pressure to raise incomes; new increases in the cost of fuels, farm products, transportation rates, and so forth; an increasing burden in servicing the foreign debt and deterioration of the correlation of GNP produced and GNP utilized; inflationary expectations; and inertial continuation of inflation itself.

The ongoing highly restrictive macroeconomic policy is being transformed from an inflation control agent into a factor promoting inflation in the manner described.

Even though it will gradually decline, inflation will remain high (being measured in double digits) even after 1995, possibly to the end of the decade. A new flareup is also possible under certain conditions because of the existence of even stronger focal points of inflation and high inflationary expectations. "Imported" inflation may also contribute to this situation.

#### **Unemployment Will Reach 1 Million in 1995**

Unemployment will also continue to increase. The number of employed persons will decrease from 3.5 million in 1991 to 2.7 million in 1995, and the number of unemployed and underemployed will grow from around 500,000 in 1991 to 1 to 1.1 million persons in 1994-95, that is, 27 to 28 percent of the gainfully employed population. This will be due to the ongoing decline of economic activity; the forthcoming bankruptcies of businesses with no future; and privatization and commercialization of government enterprises, which will initially promote an increase in unemployment and only after several years will create additional jobs on a large scale. Unemployment will also grow if the current policy of premature liberalization of imports is continued.

Nor is a significant decrease in unemployment to be expected after 1995, in that, in addition to the factors listed, this will depend on the policy for dealing with inflation. The Bulgarian Government is faced with a dilemma, inflation or unemployment. Sharp decrease in inflation usually leads to higher unemployment, and vice versa. It will obviously be necessary to find a rational socioeconomic compromise between them. It may be said even now that unemployment will hardly fall below 15 to 16 percent before the end of the decade. Our society must be prepared to live for a long time with high inflation and high unemployment.

#### **The Current Budgetary Savings Will Cause Damage Costing 10 Times as Much**

The budget deficit will remain high, and domestic debt will grow. The huge deficit will be due to increasing difficulties on the revenue side of the budget because of mass insolvency of more than 200 businesses that are unable to settle their obligations toward the budget, creditors, suppliers, and their own personnel. Additional difficulties will be caused by the forthcoming tax reform. The restrictive policy on government spending—for education, health care, science, culture, investments, defense, and domestic security—will be very painful.

The several billions in budget savings now effected in these areas will cause damage that will cost Bulgarian society 10 times as much in the years to come. This is a shortsighted, destructive budget policy. The budget situation will be further complicated by the impending servicing of the foreign debt.

The domestic debt will continue to grow as a result of the long-term financing of the budget deficit and conversion of private company debts to government debts. High

inflation, in turn, will reduce part of the domestic debt. The domestic debt will also increase from 1995 to the end of the decade.

#### **The Foreign Debt Will Reach 16 Billion Dollars**

The balance of payments will continue to be negative, and the foreign debt will continue to grow. The negative balance of payments will grow because of the continuing difficulties in the trade balance, the weak financial inflows from abroad, the servicing of the foreign debt, the difficulties involved in joining the European Community, and the difficult negotiations with private banks.

The strained balance-of-payments situation will continue long after 1995. The foreign currency rate of exchange will be around 35 leva to the dollar in 1993 and will exceed 60 leva to the dollar in 1995. It will be desirable for the Bulgarian National Bank to continue to intervene in the exchange market, rectifying possible major rate fluctuations and supporting an actual rate of around 3.50 leva to the dollar in order to prevent declining interest in exports and to keep imports from increasing.

The gross foreign debt will continue to grow as a result of the capitalized interest and new credit. This debt is expected to rise from \$11.3 billion at the end of 1991 to more than \$16 billion in 1995. It must be kept in mind that any forgiveness of our foreign debt is a two-edged sword. It would make it more difficult to obtain new credit from private banks and would discourage direct foreign investments in the future.

The foreign debt amounts to around 9 percent of the total government debt, which in 1991 was 164 percent of the GNP; it is expected to reach about 220 percent of the GNP in 1995.

#### **Real Income Will Decrease**

Nominal income will increase, but real income will certainly decrease. A slight increase in real wages is possible if real income stagnates. If there is any continuation of the restrictive income policy, a decrease in real income is more probable even in the event of the anticipated decrease in spending in comparison to the GNP generated.

There will also be change in the structure of the monetary income of the population: the share of wages will drop to 40 percent at the expense of income from entrepreneurial activity and capital. If the current restitution and income policy is continued, further increase may be expected in the share of parasitic income derived from investments. The share of entrepreneurial income and income from sale of agricultural produce is expected to increase.

If the current reform philosophy is retained, the social polarization in society will become more pronounced.

**State To Issue Licenses for Extracting Minerals**  
**93BA0228A Sofia BULGARSKI BIZNES in Bulgarian**  
**26 Oct 92 p 2**

[Report by Anastasiya Konstantinova: "The State Will Issue Licenses for the Mining of Underground Resources"]

[Text] *A draft special law is to be discussed.*

We know that the Bulgarian Black Sea Shelf has been surveyed by foreign petroleum companies. The purpose was to determine whether it contains petroleum and natural gas deposits of commercial value. Possibly, such deposits may later jointly be developed by Bulgarian and foreign investors.

What is less known, however, is that granting licenses to petroleum companies for surveys and extraction involves difficulties of a legal nature, for the present law is obsolete, according to all criteria, and unsuitable in the situations we described. This pertains especially to the Law on Mines and Quarries, which was passed by the National Assembly in 1957 and which was subsequently amended and supplemented.

The Committee for Geology and Mineral Resources is the institution that for the past few years has been working on a draft law on the subsoil (a temporary name). Currently it is working on a new draft, the purpose of which will be to meet the requirements stipulated in Article 18 of the Constitution, which states that a special law must be passed formulating the prerequisites for the state to grant concessions (licenses) for the study, extraction, and treatment of underground resources. Professor Dabovski, the deputy chairman of the KGMR [Committee for Geology and Mineral Resources], heads the work on the new draft. He shared especially with BB [BULGARSKI BIZNES] the fact that in the course of drafting the future law on the use and protection of ground resources, the laws pertaining to the same area in countries with mining and geological conditions similar to ours have been consulted, and so has the Bulgarian Law on Mines of 1910. Great attention was paid, for example, to the German legislation, for among the European countries Germany has, perhaps, the richest traditions in the area of the mining industry and very strict standards governing the preservation of the subsoil. The advice of international organizations and specialists was also used for the sake of consistency between Bulgarian and foreign legislation.

The fundamental principle that stems from the Constitution of the Bulgarian Republic, which is the basis of the entire draft, is that the state is the owner of the ground and its resources, regardless of who may own the surface. This principle includes one of the main issues that will determine the final draft, i.e., settling the process of condemnation of property for the needs of the mining industry and the respective compensations to be paid to the property owners. The draft also calls for the possibility of issuing licenses for the development of a

given deposit even without the agreement of the property owners, providing, however, that the competent state authority resolves that it is a question of a strategic raw material. Naturally, the law indicates the rights of the owner of the land, so as to provide for substantial compensations.

It is worth noting that the draft law avoids the use of the term "concession," which, essentially, is compensated by the definition of four types of licenses (permits): a. for searching; b. for surveying; c. for extracting; and d. for installing and using underground installations unrelated to the extraction of minerals. A conflict may appear between these and the text of the Constitution, which requires a special law for the state to grant concessions and issue permits for the search for and extraction of underground resources. If the problem is merely one of terminology, its resolution would hardly take much time. However, if it includes some fine points that would make the nature of the law less attractive to the investors, clearly a serious assessment must be made by the financial and geological specialists.

Another important stipulation in the draft law on the utilization and protection of the ground is the classification of underground resources into three groups: those having the status of a "state raw material reserve"; underground resources used in construction without preliminary industrial refinement; and all other types. The purpose of the "state raw material reserve" statute is aimed at protecting minerals that are to be studied and extracted with funds from the state budget, which would control operations involving strategic raw materials. This statute presumes the granting of permits for the use of ground resources only through auction or competition.

Professor Dabovski told us that he is in charge of submitting the draft law to the institutions and specialists whose activities he will actually be regulating. In the spirit of this initiative, by the end of October, a meeting will be held by a wide range of experts to discuss the draft. Such steps are very necessary considering the specific nature of the law, which must provide a legal base for the functioning of the mining industry with the participation of foreign investors, without which the updating of technologies and the preservation of the ground are virtually impossible. For the sake of providing a brief although not absolutely accurate comparison, let us note that at the start of this year the Russian parliament had set up 22 groups of Russian and foreign experts to draft a law on the petroleum and gas industry.

The initial reactions to such discussions, Professor Dabovski said, usually apply to the steps taken for the protection of the ground and control by the competent state authority of licensing activities. Let us mention at this point, once again, that some of the protective steps have been borrowed from the authoritative German legislation. Furthermore, foreign investors will be very interested, naturally, in the study and development of our most valuable deposits, which, once again, means the

need for a specific licensing system for control purposes. Thus, for example, so far interest is being shown above all in the petroleum and gas deposits and deposits of gold, and quarry-facing materials (mainly marbles and granites) and other raw materials for which there is a market the world over. The investors themselves state that their objective is not to violate the interests of the producing countries but to create prerequisites for durable industrial cooperation.

### Comments on Draft Law on Selective Breeding

93BA0233A Sofia DELOVI SVYAT in Bulgarian  
6 Nov 92 p 4

[Report by Kiril Monchilov: "Stipulations of the Draft Law on the Protection of New Strains of Plants and Animal Breeds"]

[Text] The draft law on the protection of new plant strains and animal breeds, submitted to the National Assembly by the Council of Ministers, deals with relations pertaining to the recognition and protection of new plant strains and animal breeds, as well as the rights of selectors who have developed such strains and breeds. The passing of this law will stimulate future selecting and will encourage agricultural production and business and will become a prerequisite and a guarantee for the development of elite strains and breeds and attract efficient foreign investments. Also important is the fact that Bulgaria is still not a member but only an observer of the International Convention for the Protection of New Plant Strains [UPOV].

The law will apply to created, discovered, or developed plant strains covering all botanical type and species, i.e., branch, line, or hybrid, regardless of the method (artificial or natural) of obtaining them, as well as breed, line, and hybrids of livestock. The State Strains Commission, the State Breed Development Commission, and the Patent Department will be the authorities that will test, issue certificates, enter in the state record book, and include in the official bulletin the new strains and breeds.

Authorship rights will be granted to individuals who have created, discovered, or developed a strain or a breed, protected with a certificate. In the case of several people, they will be considered coauthors. The authorship right will be individual, open-ended, and nontransferable.

The law defines the term "selector" as follows:

1. An individual who has created, discovered, or developed a strain or a breed;
2. An employer or the person who has commissioned such an individual on the basis of a signed contract;
3. The legal heir of the creator, employer, or assigner.

The legislator does not exclude the possibility, if based on a contract, for the certificate to be issued to the creator or jointly to him and to the employer, or else to the employer only. If the creator is not included, he will have the right to a remuneration based on the profit earned from this strain or breed, its value, the funds invested in developing the selection, the equipment and materials used, and so on. Disagreements on defining the remuneration, which are bound to arise, will be settled by the courts.

The strains of plants and livestock breeds will be protected on the basis of the issued certificate. This protecting document will grant the selector the exclusive right to define activities related to the protected item, activities that will be prohibited to all other individuals.

The validity of a certificate pertaining to livestock breeds, perennial fruit crops, vineyards, trees, bushes, forest, and decorative plants will be 25 years; it will be 20 years for all other strains.

The legal protection of the strains and breeds, according to the draft law, is consistent with the criteria governing the legislations of developed countries and the UPOV convention: worldwide novelty, distinguishability, homogeneity, and stability. The time of the pseudo-selectors who imitated and duplicated foreign strains and breeds "on a broad scale" is past.

The draft law grants exclusive rights to the selectors: production for commercial purposes, offers for sale, and selling or any other type of trade, exports, and imports. The strain declared or protected with a certificate may also be licensed. Violators will be penalized with fines ranging from 10,000 to 1 million leva for violating the rights of the selector and for marketing the new strains and breeds by violators!

The authorship certificates issued so far on strains and breeds are of justifiable interest. They can be filed as requests for certificates by submitting proper petitions to the Patent Department.

**New Croatian Rightist Parties Reviewed**

93BA0291E Zagreb *NOVI VJESNIK* in Serbo-Croatian  
25 Nov 92 p 5

[Article by Branko Podgornik: "The Croatian Political Scene: New Parties on the Right?"]

[Text] Zagreb—The other day the Croatian political right was seized by a creative unrest which could produce two new parties. Bosiljko Misetic, former minister of justice and former member of the HDS [Croatian Democratic Party] and HNS [Croatian People's Party], recently announced that he had joined with Ivan Vekic, former minister of police and a member of the HDZ [Croatian Democratic Community], to establish a party or association of right-wing orientation, with the working title National Democratic League [NDL].

At the same time, Ivan Gabelica, former vice president of the HDS, who is said to be one of the most authentic rightists on the Croatian political scene, also announced in an interview with *NOVI VJESNIK* the starting of a new party of "pure" rightist orientation.

That second party, which might even be born this weekend, is mainly to be started by former members of the HDS—that is, that party's right wing, which is dissatisfied with the decision of the "group around Marko Veselica" to take the HDS into the Croatian Christian Democratic Union [HKDU] along with remnants of the HKDS [Croatian Christian Democratic Party]. Gabelica's wing has its greatest support in the HDS chapters in Imotski, to some extent in Zadar, Split, and Zagreb, but—and this is important—also in the chapters of the HDS in the United States and Canada. He adds that certain members of the HDZ and also other parties are also inclined toward the new party, but for the moment no big names are involved.

In short, the Croatian political scene abounds in followers of Ante Starcevic, but all of these rightists cannot make themselves fully felt, because they are deployed in several parties. It is estimated that the greatest number of them are in the HDZ. They were also in the right wing of the HDS, and a considerable number are in Dobroslav Paraga's Croatian Rights Party [HSP], which, according to the assertions of its opponents, is now falling apart. To be sure, there are also the recently established Croatian Republican Community and the Croatian Constitutional (Drzavotvorni) Movement, which after several years of effort abroad have not shown an ability to spread here in the country. Along with them, there are several other little parties of similar orientation and with no prospect of making headway.

Although some strategists say that since creation of the Croatian state there is no longer a reason for the constitutional parties to exist, advocates of rightist orientation think that Starcevic's followers still have their political space, they merely need to adapt to the new conditions.

They see that political capital above all in the fact that Croatian authority has not yet been restored to the occupied areas. Some rightists also want Hercegovina to be annexed to Croatia, while some others say that it is a shame to divide B-H [Bosnia-Hercegovina], and they conceive a Croatia that goes all the way to the Drina. Very frequently the rightists are critical of the Serbs in Croatia and also of former Communists, and as a rule they gladly come to the defense of the NDH [Independent State of Croatia].

Are there prospects for numerous rightists in Croatia to end up in one party? Ante Prkacin made an interesting statement to the weekly *GLOBUS* on 23 October. He says that the great obstacles to bringing rightists together under the HSP were its leaders Dobroslav Paraga and Ante Dapic. According to Prkacin, Paraga does not want to share power in that party with anyone, and Dapic supposedly supports him in this. Had the HSP by some chance been renewed after the '90 election, at the moment when the rightists in the HDZ had begun to be dissatisfied with the direction being taken by the mainstream of the HDZ, and if the HSP had not been headed by Paraga and Dapic, Prkacin says, "the true rightists from Ivan Gabelica and Branimir Glavas to Vlado Seks and Vico Vukojevic would have joined" the HSP.

Prkacin, it is well-known, had an important role when the armed units of the HOS [Croatian Defense Forces] were brought under the HVO [Croatian Defense Council]. A certain weakening of Paraga's party was a consequence of that skillful move by Prkacin. Some observers see not only that the HSP is obviously dying out, but even signs that there might be court trials against the leaders of the HSP and a simultaneous disintegration of the HDS, and they conclude that an empty space is opening up for establishment of several new parties or only one "true" party of right-wing orientation.

This, they say, would finally bring Croatia's rightists together in one place, which would also take the burden off the incumbent party and make it easier to gradually adopt a Christian Democrat physiognomy. However, others say that it is realistic to expect transfers from the incumbent party to the opposition, because people are more inclined to go in the opposite direction. That perhaps could happen in the future.

It seems that the emergence of new rightists could also have an unpleasant effect on events in the Croatian resistance on the eve of the parish elections. Nine of the stronger parties have concluded an agreement to form a coalition in support of a single opposition candidate against the candidate of the HDZ. The question is whether the newfound rightists are interested in cooperating with others or will want to independently measure their strength in the election, which might be encouraged by the cracks in the "nine," and the poor chance of success in the election by the entire opposition?

[Box, p 5]

### Gabelica Will Not Join Misetic's League

In a conversation with NOVI VJESNIK, Ivan Gabelica denied the news that he will be in the same party with Bosilko Misetic, Ivan Vekic, and Ante Prkacin. That is, Bosilko Misetic issued the information in a recent interview with SLOBODAN DALMACIJA that in late November he and Vekic would form the National Democratic League, which would also include Ante Prkacin and that talks about joining the league were being conducted with Zdravko Tomac, Milan Ramljak, and Ivan Gabelica. Gabelica says that Misetic has been talking to him, but no firm agreement has been reached.

Ivan Gabelica adds that his experience with his work in the HDS strengthens his conviction that the rightist party in which he would like to be active "must not come under the control of former Communists." In a recent press conference, when he left the HDS along with his followers, he expressed deep resentment at the "undemocratic method" in which the "group around Marko Veselica" made the decision on the Christian Democrat reorientation of that party, saying that the "bolsheviks changed their spots, but never their nature."

As far as we have learned, Zdravko Tomac and Milan Ramljak have no intention of joining the league.

### Problems With Electric Energy Viewed

93BA0307E Belgrade POLITIKA in Serbo-Croatian  
19 Nov 92 p 16

[Article by R. Arsenic: "Croatia's Problems With Electric Energy: Hagglng Over Nuclear Plant"]

[Text] *Has the discussion and quarreling about the construction of a new nuclear power plant been stoked only in order to conceal the real intentions; construction of thermoelectric power plant in Dalmatia to run on imported coal.*

Zagreb, 18 Nov—The shortage of electric energy is one of the most serious things bearing down on the Croatian economy, and thus on those who are responsible for governing as well. Specifically, Croatia has few sources of electricity of its own, and since a significant share of its transmission network was destroyed in the recent war, while another large part of it is located outside the control of the Zagreb regime (because it passes through the territory of Serbian Krajina), the negative energy picture is complete and rather dismal as far as the immediate future is concerned. One must add to this the intention of the Slovenes to decide on the Krsko nuclear power plant, from which Croatia gets significant quantities of electricity, in a few years.

Under such circumstances, every attempt is being made here to find new sources of domestic electricity, so that there is even talk of building a new nuclear power plant. This option was recently indicated by the new Croatian

prime minister, Hrvoje Sarinic. It elicited a fair amount of public agitation here, because antinuclear attitudes are rather strong here as well, especially among those in whose area such an installation might be built.

### How To Get Our Own Electricity

Thus, opstinas that only recently were discussed as potential "candidates" as sites for new nuclear plants have already begun to publicly disassociate themselves from this possibility. This report was especially upsetting to the residents of the Zadar region, where there were already plans to build such an installation at Vir, which at the time provoked a real revolt by the populace of that area.

The raising of this "nuclear subject" did not come as much of a surprise to the local public, especially since Prime Minister Sarinic is reputed to have come from the nuclear lobby (he spent part of his many years in emigration in nuclear power plant construction jobs, and as such he had previously offered his services to "Croatian Electrical Industry," but was not accepted).

Amid the skirmishes and haggling over the possible construction of a new nuclear power plant through the newspapers and other news media in Croatia, there emerged interesting confirmation that this whole ruse involving the construction of a nuclear plant was actually launched only to conceal the real intentions: the construction of a thermoelectric power plant in Dalmatia to run on imported coal. According to a report in SLOBODNA DALMACIJA, this can be concluded from a statement by the management of "Croatian Electrical Industry" at a recent press conference to the effect that their experts are proposing, as a lasting and secure solution to the problem of supplying Dalmatia with electric energy, the construction of a thermoelectric power plant to run on imported coal and with a 350 megawatt capacity.

### No One Wants Power Plant

The location was not mentioned, but many believe that of the three possibilities the site not far from Rogoznica has the best prospects, because it is in the Split-Sibenik region, which is also the highest-consuming area—around 80 percent of the total consumption of electricity in Dalmatia.

The authors prove the theory that this is supposedly a "bone tossed to gnaw on," to occupy the public while it forgets about the thermoelectric plant, by noting that Dalmatia urgently needs electricity, and it is known that a nuclear plant will not begin producing power until 10 years after the beginning of construction, while it could come from a thermoelectric plant in half that time, and with a so-called liquid gas plant it takes only three years.

The plan to build a thermoelectric power plant in Dalmatia is no more popular among the citizenry than is the construction of a nuclear plant, for the simple reason

that such an installation thoroughly pollutes the surrounding area over a 30 km radius, and it is not hard to imagine what that would mean for Dalmatian tourism. Thus, it is not unreasonable to think that the construction of an electric power plant in that part of Croatia will very quickly become a basic political issue, about which fierce fighting will be waged, with an uncertain outcome. Especially since the elections to the House of Zupanjas and to the local assemblies are ever-nearer.

### HNS on New Administrative Structure

*93BA0291F Zagreb NOVI VJESNIK in Serbo-Croatian  
25 Nov 92 p 4*

[Article by Branko Podgornik: "The Zupan Leader Chosen by the Government?"]

[Text] Zagreb—The proposed bills on the parishes and local self-government are a "complete improvisation, irresponsible and frivolous proposals which have nothing to do with the facts nor with these times." This statement was made by Drago Stipac on Tuesday in the roundtable of the Croatian People's Party [HNS] concerning Croatia's administrative and political system, whose participants sharply criticized those bills.

Stipac added that those laws do not encourage at all the local self-government that is so necessary, but essentially amount to transferring the powers at the middle level of government to the lower levels. Miko Tripalo, who delivered the introduction, said that changes in Croatia's administrative and political system should strengthen democracy and make it possible for the citizens to have a greater impact on the government, from the opicina up.

Dr. Savka Dabcevic-Kucar said that these laws go in the opposite direction from trends in modern states. The allusion made to the sponsors of the laws, she said, to arrangements elsewhere in the world, is only a smoke screen "behind which there is a conception, above all, that of the incumbent party, that the state can be governed from one center, under its absolute control, which indicates an utter lack of confidence in democracy." In the opinion of Dr. Kucar, there is a mistaken idea about what things in Croatia can lead toward

integration and which toward disintegration. "Because of the ever greater centralization of power, antagonism will become stronger in Croatia between the region and the demand for autonomy, but if emphasis were put on democracy, the market, and regionalization, an opportunity would open up for Croatia's integration."

The participants in the meeting criticized, for example, the proposal that the parish leader be appointed by the executive branch, that is, by the Croatian Government, instead of being elected by the citizens of the parish. "This exists nowhere in the world," said Dr. Zdravko Tomac. "Only in Belgium is there a case where the king grants consent to the leaders elected in the local units, but that is only a formality, a tradition, because the king has never yet refused to grant that consent. It seems to me that Smiljko Soko has nevertheless found some examples to which he can refer in the West."

Tomac thinks that the proposed laws imitate the arrangement of France, which has small local communities, but that central Europe, to which we belong, is going in a different direction. "Tripling the number of opcinas is altogether arbitrary. Until recently, the people in Samobor were demanding their own opicina, and now they have five of them, and they do not know what to do with them. Zagreb has been given the status that Paris had after the Paris Commune. It seems that there is distrust of Zagreb and a fear of its becoming independent," Tomac said.

Ivan Zvonimir Cicak believes that the proposed laws offer to Croatia the model of a party-based state, that is, a two-party state in which the party in power "wants to find long-term jobs for its personnel" in the new opcinas. Cicak said that because of the present combined election system "every party which wants to participate in the parish elections must find at least 14,000 candidates. Some do not even have that many members."

Someone at the meeting also remarked that these laws come "at a very bad time," and that the West will also "gain yet another argument for a critical attitude toward Croatia." The warning was issued that only two months are left to debate these laws and conduct the election, and this is "too serious a matter." Antun Sagovac, Matko Kun, Zivko Juzbasic, and others took part in the debate.

### Hazards of Economic Reform Evaluated

93CH0152A Prague EKONOM in Czech 5-11 Nov 92  
pp 24-25

[Article by Jiri Havel: "The Risks of Economic Reform"]

[Text] *Our economic reform has acquired more wind in its sails. Its successes include the liberalization of prices and foreign trade, the internal convertibility of the koruna, and tens of thousands of privatized units. Coupon privatization has been technically mastered. The upswing in the private sector is discernible at every step. Can we, therefore, be content?*

### The Cost of Reform Steps

Any reservations with respect to the reform cannot be perceived as disapproval of the reform in general. There is no doubt that the reforms are necessary. However, the results of the economic reform can be evaluated with a higher degree of criticism than what is conceded by the reform's principal profiteers.

For example, the potential of private business people, which is worth millions, says nothing about the percentage of those who are successful. A number of business authorizations are fiction; many of them are realized as a sort of "opening of the veins" of the state sector.

Economic production has declined. Despite certain positive features (for example, the liquidation of inefficient production processes), the fact that efficiency has declined is unmistakable. The gross domestic product declined over two years by virtually 20 percent. National income and industrial production dropped even more dramatically. Budget deficits are threatening.

Since 1989, the price level has risen by approximately 80 percent. Given the slower growth in wages, this resulted in a decline in the standard of living by an average one-fifth through one-quarter. This decline was differentiated: The standard of living of the populace rose; 30 percent of the population maintained its standard of living, but 60 percent are facing a restriction in their consumption. And, at that, the hammer of rising cost-of-living expenses and the failure of production did not descend with full intensity. A number of economic trends are asserting themselves with some delay.

Data on unemployment do not say anything accurately with respect to the situation in the labor market. Although the data on this problem were optically improved as a result of the shortened time for drawing unemployment benefits, it did not change the essence of the problem. Unemployment declined by about 15 percent.

The long-term stability of the monetary exchange rate is seemingly imposing, but it is actually the result of a previous drastic devaluation. This is a matter of fact and not a success. The good balance of payments says nothing regarding the expansion of exports but, rather, indicates a serious decline in domestic demand.

### Disturbing Economic Trends

In addition to containing propagandistic elements, developmental trends include a number of negatives. The decline in production is not matched by a decline in employment. In key enterprises, worker morale became toughened; on average, however, it showed more of a tendency to decline. This is the result of the failure of the state to exercise its ownership functions, on the one hand, and of the decline in demand on the other.

Not even the situation in the new private enterprises is proof of a turnaround. Following rapid expansion, a number of firms are proving unable to prevent the saturation of the market and a decline in demand. Privatized units frequently operate at higher price levels within the framework of comparable production; their owners are compelled to make rapid payoffs with regard to extensive credits. The business plans of privatized units are frequently unrealistic. The motive is a vision of success in the judgment of business intentions designed to acquire bank credits and the acceptance of privatization projects.

Few investments are aimed at production per se. It is particularly commerce and the financial sector that are expanding. The decline in production investment signals future problems involving the competitiveness of production with possible retroactive impact on employment.

Structural changes in the economy were put off as a result of the privatization program, in conflict with the actual scenario of the reform itself. However, effective privatization is not a solution for substantive economic questions. It can be only one of the prerequisites of such solutions. Changes in the structure of the economy are being shifted to the horizon of the second half of the 1990's. The obsolescence of the production base continues to intensify.

The interest of foreign investors in our country is relatively low: Some 20 billion korunas [Kcs] in foreign investments in 1991 does not bear witness to any positive expectations. The drying up of domestic sources remains the primary concern; foreign sources are viewed more as their supplement, which is important from the quality standpoint.

The material and energy intensities of production are increasing. The share of products having an extremely low degree of processing is growing in our exports. Measured in terms of production outputs, Czechoslovakia is trending more toward moving away from Europe rather than approaching it with any more significance.

The relatively lax attitude of the state with respect to the black and gray economies, including the business activities of state officials, continues to arouse fears. Countermeasures are symbolic and of no effect. Tax evasion merrily threatens budget management.

### Social Probes

The reality of the Czech Republic at this time is, among other things, an expansion of criminality, a decline in the interest in cultural, moral, or ecological values. Any solidaristic elements of conduct are continuing to be lost from society. As soon as it becomes obvious that even the perception of solidaristic values must change, it becomes evident that these values cannot be absent from society.

Long-term efficiency stimulation among the populace continues to be lacking. For the time being, the destimulation mechanism has been replaced by only a short-term market stimulation: buying and selling! If this shift were to become legitimate in a given phase of the transformation, it would be disturbing to us. Interest in assertion in science and research is declining.

Social polarization is taking on sharp forms. The share of expenditures made for food and housing in household budgets is rising enormously at the expense of other consumption. In addition to giving rise to crisis groups of the population, entire crisis regions are virtually coming into being.

Problems relative to housing have entered an exacerbated phase. Their determinant factor is the privatization of the housing inventory. A factor that is showing up with some delay is the crash in the construction of inexpensive apartments, particularly in large cities. And, in the second half of the 1990's, strong population classes are expected to enter their productive years.

The rules governing the policy of health care that have been promulgated will palpably impact upon a portion of those who are the weakest. Today, a family can pay as much as several thousand korunas per year just for vitamins, which were hitherto prescribed on a standard basis for some illnesses. Moreover, the new taxation system will slightly disadvantage families with children.

The large privatized businesses will be faced, shortly after privatization, with the problem of reducing the number of employees. However, measures for activating employment remain at the discussion level.

### Threats and Their Conditional Nature

Among the warning signals, the most effective are considerations of an economic collapse. The opposition is waving this vision about, while the government is convulsing with laughter over the fact that such a collapse has not occurred. The problems with which the country is struggling are transitory and, in the final analysis, were predicted by the government.

Even for economists, the term "collapse" is undefined. In our country, collapse is judged through the prism of planned economies. An expression of "health" of an economy are stores full of goods—in other words, the criterion of balance. Market balance is (without underestimating its importance) only one side of the matter. It

says nothing about the level of production (consumption) that has been achieved as a result of it. Even during the economic depression of the 1930's, the stores were full—at least those that did not go bankrupt.

If we visualize economic collapse as a factual situation in which no croissants are in the stores, we may optimistically state that we are far from such a disaster. However, if we compare our collapse of industrial production with the above-mentioned crisis of the 1930's, then we have approached the collapse situation quite significantly. This is not a matter of creating panic; it is drawing attention to the relativity of the criteria used. The fact that the pace of economic decline of the CSFR over the first half of 1992 slowed is a positive one. Some procedures even facilitate guarded conclusions regarding signs of recovery. However, conclusions regarding the beginning of economic expansion are arguable.

### Are Bankruptcies Awaiting Us?

The end of the moratorium on business bankruptcies is a cause for fear. Bankruptcies are predictable with respect to the existence of businesses but not with respect to their extent. Bankruptcies of colossal businesses can result in a chain reaction involving partners and, in the final effect, cause difficulties for the banks.

The vision of bankruptcies is supported by the extent of indebtedness and insolvency. The solution to the problem is hidden within the triangle made up of the government, the central bank, and the commercial banks. Not even managements and, in the long run, ownership groups can stand aside.

The Czech Government has provided "firm" evidence that it rejects making any incursions. However, the question arose as to when its firm resolve would melt when brought face to face with the threat of bankruptcy by such units as the CKD [Ceskomoravská-Kolben-Danek National Enterprise], Skoda, Tatra, and so forth. Failures by small businesses are a customary part of the economic mechanism, and bankruptcies by giants have political dimensions, in addition to being purely economic in nature.

Of course, the government has a certain amount of maneuvering room, even though it may be restricted. This room is less discernible in terms of direct financial streams from the budget. There is a certain amount of room for state orders. Using the resources of the Fund of National Property offers itself as a solution, but even these resources are not endless. Another possibility exists in the form of state guarantees of selected loans.

In view of the possibilities inherent in the state apparatus, the state can assist a relatively limited number of businesses. Herein lies the double cutting edge of this policy. Measures to benefit large enterprises take away credit resources from others. On the other hand, however, these measures can help maintain demand, which is important even for the small and medium-size business sector.

In the end, the bank of issue helped by lowering the discount rates. Does this smell somewhat like a negative real interest rate? In the dimensions of the central bank, this is temporarily permissible. Not all monetary institutions are dependent on the discount rate.

The commercial banks will bear the greatest burden in confronting the threat of bankruptcies. They will have to consider carefully the circumstances under which they will permit business failures and the conditions under which they would extend current credits and provide additional credits. The procedures adopted by the banking houses in this area should be clearly coordinated because a more active "rescuer" policy on the part of some banks would help competitors. The banks will even have to consider the forced management of indebted businesses so as to achieve satisfaction of obligations in this manner.

It is quite possible that the postponement of the effectiveness of the bankruptcy law has even some political speculation in its subtext. It is a question as to how much the fact that some corporations might be able to declare bankruptcy even before the end of coupon privatization would add to the prestige of the government. The political situation also smells of the possibility of holding a new election, and to risk an election against the background of an eruption of bankruptcies.

#### The Danger of Disintegration

One of the unknowns is the shape of the economic area following the culmination of the constitutional negotiations. On the one hand, it is possible to visualize the situation that will lead to an agreement to preserve a unified economic area with a customs and currency union. On the other, it cannot be absolutely excluded that a more dramatic procedure will culminate in a customs and trade war with a sudden and unilateral separation of the national currencies. At this point, estimating the impact is a speculative magnitude. If we assume a duty-free exchange of goods among both of the small countries, the question of mutual payments in the event of separation of the currencies arises. A firm rate of exchange between the Czech and the Slovak koruna is a mirage.

In other words, Czech businesses in this case would have to figure on losing part of the Slovak market, and vice versa. This would mean a partial substitution of inputs, accompanied by price increases.

Even in the event of cultural separation, it is necessary to figure on difficulties resulting from the movement of manpower in questions of social payments, health insurance, old-age pensions, and so forth. It is completely evident that it will be more advantageous not to split the economies and to agree upon common rules governing budgetary, customs, social, and money-printing policies. It is a question of the extent to which the political representations of both republics can make the effort to patiently seek such a rational solution.

A comical subtext of these considerations is the fact that the above-mentioned problems will occur irrespective of whether the CSFR is split up or survives. With respect to dividing the economies, it is "interesting" to note, among other things, that the programmatic economic policies in the Czech lands and Slovakia can differ only in terms of their details. The incompatibility of the economic programs of the Republics is a fiction devised by party leaders. Disintegration, against the background of world integrational trends, can certainly not make economists ecstatic.

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If we consider that, for purposes of doing business, relatively permanent conditions are required, then the measure of uncertainty is unfavorable to our economy. What is certain is that the nationality conflicts are currently also covering over some substantive shortcomings of the economic reform. Perhaps that is what is really involved.

#### Private Bank Discrimination Criticized

93CH0152C Prague EKONOM in Czech 23-29 Oct 92  
p 17

[Commentary by Frantisek Vencovsky, doctor of jurisprudence, Advanced School of Economics: "Discrimination by Private Banks?"]

[Text] Currently, the volume of credits made available by the Czechoslovak National Bank to the commercial banks is approximately 140 million korunas [Kcs]. This is essentially a block of special-issue credits, with the aid of which the National Bank as the central bank controls the circulation of money in the economy on the one hand and regulates the activities of commercial banks in terms of their monetary viewpoints on the other. In other words, it is a system that is essentially the same as the system in other countries, although the regime of applying this system in our country is different and specific—and that is so because we still do not have a money market and such money market instruments with the aid of which the National Bank could reliably react to monetary developments—for example, an exchange credit, a broad palette of securities with varying measures of liquidity, and so forth.

I see the principal specificity of our solution in the fact that three-fourths of this block of special-issue credits are destined for so-called redistribution credits. These are credits that are drawn upon only by large banks for the purpose of redistributing total credit resources resulting from the disintegration of the formerly unitary National Bank of Czechoslovakia. And it is precisely these credits that were subject to a lowering of the interest rate in September from 9 percent to 8 percent.

A second block of special-issue credits is the so-called refinancing loans, which came about in conjunction with the functioning of the newly organized banking system at the beginning of 1991. Approximately one-fourth of all

loans granted by the National Bank are allocated to commercial banks, and they, in turn, give rise to credits, at the discount rate, which are based on the exchanged rediscount rate—for the time being, at a meaningless amount of not even Kcs1 billion. Almost the entire share is allocated to refinancing auction credits with extremely short maturities of several days. They are granted under market conditions—at auctions—at interest rates that are now being increased. At the beginning of September, the rate was 12.5 percent; it is now already 15 percent.

And so, a highly specialized situation is developing. The express retardation of inflationary developments in the course of 1992 created favorable conditions for a turnaround in the interest policies and for the lowering of interest rates. It was possible to abandon the priority of higher interest rates paid on savings deposits, which was a predominant criterion because, on the one hand, inflation had already ceased being the principal argument for higher interest rates on deposits and, on the other, very favorable developments occurred with respect to the savings rate and, at the same time, it became possible to lower interest costs for enterprises. The lowering of the discount rate impacted on the interest rate policies of commercial banks, which were gradually lowering their debit and credit interest rates. That was the intention. But that intention is opposed by the sharp rise in the cost of refinancing credits, which are the principal monetary resource for smaller banks.

And that is not all. The larger banks are not totally dependent on this expensive interest resource; they have far cheaper resources—on average, at a rate of 8 percent—from the population in the form of savings deposits. Their monopoly position is being firmed up, and that is continuing to happen thanks to the method of their historic origin, when they were actually established by state administrative decision and were able to use their original deposit and interest positions.

The new developments also have serious consequences in terms of the differentiated profitability of the individual commercial banks. The smaller banks, which are predominantly dependent on the expensive and constantly more expensive auction credits obtained from the National Bank, move about in a far narrower interest margin—that is, the difference between the interest they pay on deposits and the interest they have to pay for the credits made available to them—which is now about 2 percent. Larger banks operate within a span that is up to three times broader.

In other words, a strong imbalance is developing in the market position of our banks—without their participation or any of their doing—because the small banks “were not endowed” to the same extent as the large banks. This is a serious situation that nevertheless compels small banks to seek out cheaper sources of credit through their deposit policy. But this is a long-term proposition.

Or, the center should reevaluate its existing credit and interest regime—until such time as it is able to build up its instruments of issue on the basis of a fully functioning money market—and create equal emission conditions for both large and small banks.

#### **Commercial Bank Director Interviewed on Banking**

*93CH0152D Prague EKONOM in Czech 5-11 Nov 92 pp 16-18*

[Interview with Richard Salzmann, doctor of jurisprudence and director general of the Commercial Bank, by Jan Urban and Eva Klvacova; place and date not given: “We Do Not Wish for a Monopoly!”]

[Text] *Without a doubt, the banking sector is among the most dynamic sectors in the Czechoslovak economy. The individual aspects of its development are regularly monitored by EKONOM. It wishes to provide its readers with more global information through the form of interviews with outstanding representatives of our banking industry. As the first such individual, we asked the director general of the Commercial Bank, Richard Salzmann, doctor of jurisprudence, to grant us an interview.*

[EKONOM] In your opinion, what is the current status of the Czechoslovak banking industry, what are its principal problems, and what do you see as the way out of these problems?

[Salzmann] The press frequently speaks of the poor status of the banking industry and of its inadequate function. We must realize that the banking industry is a sector that had been totally neglected in past years. It is a cruel injustice if someone criticizes us today for not being at the level of the Swiss banks or the British banks after two years of free development. I am reminded of the situation in the 1950's, when it was totally unacceptable to consider men for employment in banks. Work in banks was considered to be less-qualified work for less-qualified women. In contrast, the banking industry abroad was developing as one of the most progressive sectors. The number of banks was increasing, their equipment was improving, computer equipment was being introduced, the banks were expanding their know-how, and they were cultivating their management.

Since the time that room was opened up for the development of the banking industry, we have made great progress—I would say the greatest progress of all branches of the economy. But we must realize that, while banks in the West work under conditions that involve the concentration in the banks of money created in rich national societies such as the United States, Japan, and West Europe, the banking system in our country is encountering a shortage of primarily long-term capital. If you look at your acquaintances, which one could you say has a substantial amount of monetary resources deposited contractually and irrevocably for a period of five, eight, or 10 years?

The view exists that our banks are not capable of financing investment development. In those years that have passed, the only two sources of financing capital construction were either state subsidies or long-term bank credits. In a normal economy, this is not the case. Long-term loans are not the customary method for financing capital development of enterprises because they are terribly expensive and dreadfully risky. A far more normal method for financing is capital input—money acquired on the capital market, be it through the form of issuing new securities or bonds. Except that, in our country, if you issue securities in our domestic market, I ask who is the buyer, where shall we find people who are, for the long run, capable of depositing their money into some kind of business? That is the general situation, which must be called capital poverty.

If you ask me for the way out of it, I shall answer unequivocally: It is the influx of long-term capital from abroad. It is only on the basis of foreign injections of money that will remain here for substantially long periods that our own domestic capital will begin to be renewed and to form.

[EKONOM] Where do you see the fundamental reasons for the dearth of the influx of foreign capital to Czechoslovakia?

[Salzmann] The lack of information and uncertainty. We must not have any illusions regarding the knowledge of foreign investors about our country. We are not the umbilicus of the world. We are one of many postcommunist countries, even though we have the reputation of being the most solid one, the one with the best outlook. For an investor, say, from the U.S. Midwest, the concept of Czechoslovakia is quite unclear; he confuses Slovakia with Slovenia, he thinks the capital city of Czechoslovakia is Belgrade. Let us not be unfair, we also frequently do not know the difference between Costa Rica and Honduras. It will take a while before an investor becomes accustomed to the idea that he is supposed to invest precisely in our country. We must prove ourselves. We must prove that things function here. I would not say that various extraordinary advantages are the most important thing to a foreign investor. Those are offered in the developing countries. What is important is the certainty that nationalization and confiscation will not again occur here, that a stable legal code is in effect here, that the constitutional situation is clear, and that others have had the experience that they have invested well here. What we are experiencing, of course, has a short-term destabilizing effect. That is why we need for the division of the state to be completed as soon as possible and for one as well as the other state to already be functioning under conditions that are precisely defined, well known, and clear to investors.

[EKONOM] We sometimes hear voices in this country that claim the banks have money but do not know how to use it and are putting it aside as reserves, or that, on the contrary, are investing in state enterprises that have no future, accompanied by the notion that they will acquire

a property share. What is the actual situation regarding the shortage or surplus of capital?

[Salzmann] We must begin to tell the difference between capital and money. We actually have a relatively adequate amount of short-term money, and it happens occasionally that we do not have that money placed with adequate productivity because we are unable to find a sufficient number of suitable projects into which we could invest at a measure of risk acceptable to us. The final part of this sentence is extremely important. If we were to grant credit to everyone who comes and asks for it, we could distribute this money easily and quickly. However, as bankers, we must figure out whether we will get money back.

[EKONOM] What are the criteria, then, for granting loans, and what guarantees does your bank demand?

[Salzmann] We must constantly and repeatedly overcome the notion held by the public that the bank is some kind of bag of money obtained from mysterious sources somewhere. But the bank manages other people's money. If you look at our balance sheet and compare our assets and liabilities, you will find that the share of our own money represents about 6 percent. That is a tremendous success in comparison with the status that existed two years ago. At that time, we were beginning to operate with 1.5 percent of our own money. European customs dictate to us that we should achieve a share of about 8 percent within two years. That is the going standard. But the absolute majority of the funds we lend are not ours but yours. You deposit them either directly with us or with a savings institution, and the savings institution, as a typical institution that collects deposits but does not lend so much money, deposits them with a bank and the bank lends them to someone. No one should be surprised—and no one in the world is surprised—if a bank seeks a guarantee for repayment of a granted loan. It finds such guarantees predominantly in a realistic credible project.

What is important for us is not only the project itself but also the planner. We want to know whether he has specialized prerequisites, how he acted in his previous employment, whether he has proved himself already in business? It is important whether we have heard of him in the past, whether we know of him, or whether some other bank knows of him. In evaluating the project, we use methods we have virtually copied from abroad, from developed countries. We vary the methods depending on good or bad projects. We are capable of telling the difference as to whether a project has prospects or has no hope, whether it is realistic or unrealistic. Our clients sometimes criticize us for being inflexible, for not being willing to carry risk, but we shall make absolutely no loans for bad projects. If we make an error, we are left with a debt and must resort to insurance funds.

A second guarantee of repayment is, for the most part, collateral in the form of land and structures. Of course,

this is not a thorough guarantee. If we acquire a single-family home as collateral because of nonpayment, the family will come and say: "Repair my roof, you are the owner." And, if we are unable to repair the roof and wish to sell the house quickly, we might suffer a loss. You will come and demand your deposit, and we shall say: "Unfortunately, we invested your money in a single-family house, we gained title to it because of nonpayment, and now we shall return only 20,000 korunas [Kcs] on your deposit of Kcs50,000; we have no more." The seeking of collateral and guarantees is not the result of our maliciousness; it is an effort designed to prevent our own bankruptcy, so that we can maintain liquidity.

[EKONOM] Every applicant who is refused a loan has a tendency to say that your decision was not objective. What method of defense against such trends do you elect to use?

[Salzmann] In every branch, we shall create a three- or four-person credit committee. Every application is submitted to the bank and passed through the credit committee, where the people watch each other. The director of the branch office, who must sign the loan, can decide to override the recommendations of the committee, but he must register and record his reasons. We regularly monitor the activities of the branch offices. Then there is a whole series of loans the branch office may not make at all; those are sent to the central office, where we again have a credit committee that again recommends the granting or withholding of loans to the appropriate directors. The directors may cast an opposing vote but, again, must justify and record their reasons. The decision pyramid ends with my deputy and me. If we make our decision against the decision of the committee, we must defend it and justify it in writing. In this way, we are striving to exclude any suspicion of partiality, corruption, bribery, or mafia-type conduct. The one thing that would aid us most in our defense against all types of suspicion would be greater competition.

[EKONOM] I beg your pardon?

[Salzmann] It is a paradox, but only seemingly so. We do not wish to be in a situation, in which our decision not to grant a loan is the final verdict and in which everyone would be cursing us. They must have the opportunity to visit another bank and ask for a loan there. It is only after an applicant who has been rejected by us has gone to two or three other banks and has been told everywhere that the investment for which he wants the loan is a non-starter that he will understand that the decision not to grant a loan was objective.

[EKONOM] What is the policy of the Commercial Bank with respect to state and private enterprises? You are intimately familiar with state enterprises over the years of their existence; you know which ones are good and which bad. You do not know too much about the new private businesses; the risk of extending credit to them is substantially greater. Do you not unconsciously discriminate against the private sector?

[Salzmann] As far as credit to existing state enterprises or state corporations are concerned, we divide them into several categories. We have a special method for this, which was taken over from our Western colleagues; we call it the ABC method, which evaluates individual enterprises according to certain criteria, and the circumstance that they are state enterprises earns them negative points in the evaluation. With respect to every enterprise, we monitor its conduct and its results. If the enterprise has new management, is negotiating with a foreign investor, has found new markets, and it exports, and so forth, we handle it as we would a promising client, in the knowledge that sooner or later it will pass into private hands. With respect to a state enterprise whose record for paying back previous credit we know to be poor, we apply the method of a tightened faucet. We gradually reduce the overall volume of credit extended to unpromising enterprises and, as a general rule, no longer extend new credit to them. Their viability is accomplished more by extending pay-back terms, by deferring the payback on older credit, and we always make the deferral conditional upon the enterprises' presenting us with new plans to solve their situation. If we do not receive a plan for revitalizing an enterprise, we stop extending the pay-back terms and again remove some portion of the credit. But we continue to leave it with an opportunity to survive. If I suddenly turn off the faucet and allow an enterprise to die, it will very likely not pay me anything. If I let it live, I at least have some hope that it will pay back its credit and I can come to terms with you.

[EKONOM] And now we are at the subject of bankruptcies. What is your view with regard to the question of putting off the full effect of the law on bankruptcies and on settlement?

[Salzmann] The Commercial Bank is probably the largest creditor in this country. It could be said that it is largely up to us whether bankruptcies should be begun. We know there are a whole lot of enterprises that are being artificially sustained, even though they should be allowed to die. They are continuing to produce although they have no markets, and they pay wages but do not pay for materials, electric energy, or water and are not paying their subsuppliers. If this situation were to develop, given the current status of the economy, it would be a poor calling card for banks. But it arose as a result of the one-time transition from a planned economy to a liberal one. Society does not have sufficient strength to be able to say that all poor enterprises should be immediately closed. Our bank has about Kcs6-7 billion at its disposal for reserve purposes and about Kcs8 billion of its own capital; together, this amounts to approximately Kcs15 billion that is available. If we suffer losses that swallow up this Kcs15 billion, we become a bank without capital. Then we would have to resort to your deposits.

[EKONOM] Certainly. But if insolvency today amounts to approximately Kcs250 billion and the amount of deposits by the population is running at approximately

Kcs300 billion, I do not have the feeling that my savings are completely safe anyway.

[Salzmann] There are basically three methods for solving the question of business indebtedness. The first, on which we are betting, is the revitalization method. It permits some enterprises to be liquidated in order for others to recover. The second method is to eliminate debt at the expense of the population. The population has Kcs300 billion in savings, and there are Kcs250 billion in debts. That, of course, is an unacceptable method and is politically incompatible. People remember to this day how the state did that in 1953. The third method is based on the payoff of debts based on the issuance of new credits, and the citizen would be robbed of his money as a result of devaluation. We are attempting to protect the citizen at all costs. That is why the effort to spread out bankruptcies over time is popular with us.

[EKONOM] Which enterprises are on our list of candidates for bankruptcy? Does the list also include enterprises that have already been privatized?

[Salzmann] For the time being, the industrial giants are not on our list. It is more the smaller enterprises. If they disappear from economic life, that will not result in major disruption of a substantive character. As far as potential bankruptcies of privatized enterprises are concerned, that is more a question for the Fund of National Property. What is being considered is not having to return the coupons to all those people who bet on bad enterprises. For the present, this has not been decided, but the prevailing opinion is that coupon privatization has the image of the normal investment of money and carries with it the opportunity of winning as well as losing. Anyone who bets on a bad horse can suffer a loss.

[EKONOM] And what do you say with regard to the philosophy of privatization for the second wave? We specifically have in mind the matter of standard methods of privatization for money and nonstandard methods of coupon privatization.

[Salzmann] The answer has to do with our opinion about bankruptcies. We are coming up with the initiative that asks whether an enterprise in difficulty should not be better sold, possibly including its debts, say for a low price. The Fund of National Property must be granted a greater opportunity to acquire more economic money in order to be capable of compensating for some of the losses connected with insolvency. Moreover, an enterprise would rapidly acquire the care devoted to it by a new owner. It is generally true that the most important prerequisite for revitalization of an enterprise involves private hands. But it does matter whether they are private hands of citizens who have invested their investment points in the business or the hands of businessmen who deposit their experience and know-how and bring in new management. Of course, as deputy chairman of the Presidium of the Fund of National Property for the

Czech Republic, I must say, on the other hand, that people are not exactly lining up to buy enterprises for cash.

[EKONOM] How did the privatization of the Commercial Bank progress?

[Salzmann] Our bank is already privatized. It was sold during the second round, as soon as the carry-over "overhang" disappeared. It is 53 percent in the hands of private owners. Some 85 percent of this was sold through the various funds, and more than 30 percent of the property owned by funds is held by approximately five funds. Then there are other funds, but they have a far smaller share. The remainder is divided among coupon owners. We know they number about 130,000, so we are faced with the problem of where to call a general assembly. Some 44 percent of the property is in the hands of the Czech and Slovak Fund of National Property. Negotiations are ongoing regarding a one-time exchange of property between the Czech and the Slovak fund.

[EKONOM] And what are the strategic plans of the Commercial Bank for the future?

[Salzmann] We want the Commercial Bank to become a normal bank as soon as possible. This involves a piece of prestige as well as a piece of modesty. My aspirations would be such that, in my lifetime, the services of our bank would not indicate that it is a Bavarian or a Belgian or a Swiss bank, but that a citizen could expect the same services from us at the same level and with the same degree of reliability that he might get from any of those banks. For the time being, we are not at that level. We must primarily restructure the bank on the technological systems side. At present, we are investing Kcs3 billion in furnishing the bank with electronic computer equipment and software and information systems. We want to substantially expand our services to our customers in retail banking, which means at the teller's window. In this regard, we would like to reach the "no-competition quality level," as I recently wrote in a periodical. We shall orient ourselves in this toward certain social groupings of the population. In addition to wanting large, medium-size, and small business people to be our clients, we would like to have clients among our more demanding citizens: physicians, lawyers, real estate agents, artists. We must continue to expand our bank's foreign economic ties and to develop capital transactions because credit business by itself no longer employs all of the resources we have at our disposal.

In conclusion, I would like once more to stress one of our strategic aims, which sounds too hard to believe. We spoke of it only in connection with one specific instance—the granting of loans to projects that lack quality. It is a question of monopoly or competition. Actually, we do not want to eliminate competition. We need it, and we are relying on it. We do not wish for anyone to constantly accuse us of being conspirators and monopolists. To be a monopolist means being a target

that is easily shot at. We want to be an important bank, perhaps even the leading bank, but we are truly not interested in a monopolistic position. There is nothing to be interested in. Our notion is that two or three large banks and several small ones should be represented in every major town. We consider that to be an ideal status, not only for us but also, and primarily, for the customers.

### **Bank Interest in Delaying Bankruptcies Discussed**

*93CH0151C Prague HOSPODARSKE NOVINY  
in Czech 3 Nov 92 pp 1, 3*

[Article by Marcela Doleckova: "Why Banks Are Delaying Bankruptcies—Changes in the Loan Portfolio"]

*[Text] There is sufficient money in the economy, but it is not in the possession of businesses. It is held by the banks. The banks lack the courage to permit businesses to go bankrupt. They prefer to extend more credits. These are only two of many accusations being heaped upon the banking industry by both business circles and politicians.*

We spoke of the loan policies of the largest Czech business creditor, the Bank of Commerce, with its top director, Ljubomir Stepanik.

If, following its establishment in 1990, the volume of credits granted by the Bank of Commerce was about 320 billion korunas [Kcs], it is "only" in the neighborhood of Kcs190 billion today. This is the result of transferring a portion of the credits to the Consolidation Bank, as well as being the consequence of operations by the Fund of National Property (by the way, L. Stepanik considers the elimination of debt and recapitalization based on this resource to be a good step), but, primarily, it is the consequence of the deliberate policy of the bank. This policy works to improve the loan portfolio—for example, by reducing the number of high-risk loans. A specific expression of this policy is the growing share of short-term loans (Kcs115 billion) over long-term loans (Kcs27 billion) and medium-term loans (Kcs47 billion).

At the same time, the bank divided its clients into five groups in terms of risk, ranging from the highest-quality clients to the most doubtful. According to L. Stepanik, the number of cases involving the individual groups in the total volume of loans granted by the bank need not give rise to fears that any possible failure to recover the loans from some clients could destroy the bank. From that standpoint, it is possible to consider the loan portfolio normal.

Apart from analyzing the portfolio of loans according to the quality of clients (which is one viewpoint), the Bank of Commerce analyzes the quality of every loan from another viewpoint. It is obvious that, given a volume of Kcs190 billion, there are both risky loans and risky clients. That is why the Bank of Commerce, in addition to creating reserves that are intended to cover general risks, is beginning to create so-called rectification funds.

These rectification funds are intended to augment a specific asset (loan) that is risky.

According to this classification of assets, the bank has divided loans into four groups: The first includes standard loans, without any problems (rectification fund = 0); the second includes nonstandard loans (rectification fund of 20 percent of the loan volume is recommended by the National Bank of Czechoslovakia); the third has doubtful loans (recommended rectification fund of 50 percent of the loan volume); and the fourth contains losing loans—that is, loans that are clearly unrecoverable (recommended rectification fund of 100 percent of the loan volume). The reserves of the bank are being augmented constantly. The monthly amount by which the reserves are being augmented now amounts to Kcs500 million.

The Bank of Commerce anticipates that, as of 1 April 1993, the blocking paragraph in the law on bankruptcies and settlements will be eliminated so that the reason for a bankruptcy need not be only excess debt on the part of the debtor, but even his "mere" insolvency. Nevertheless, experts at the bank are participating in work that should lead to amending the approved law in such a way that it would facilitate practices currently in use in market economies. According to these practices, for example, it is possible to impose a protective regime on a debtor for a specified period of time, during which he might still be able to demonstrate, under supervision, that he is capable of extricating himself from a difficult situation. L. Stepanik states that, for the time being, the bank has actually not compelled any business to declare bankruptcy and considers the extension of the validity of the blocking paragraph in the law on bankruptcies to be a sensible step. But the bank is no longer figuring on this paragraph being extended beyond 1 April 1993.

In considering the possible additional elimination of debt in the business community, L. Stepanik believes that a repetition of the one-time step is not possible. Moreover, he indicates that it would probably be worth considering asserting another mechanism for the individual solution of difficult financial situations afflicting strategically important businesses, which have at least regional importance. For example, it would be possible to transfer free resources from the Fund of National Property to the Consolidation Bank, and that institution, as a banking institution, could then proceed on a case-by-case basis. For example, it could purchase creditor claims at 30 percent of their value, which would still be acceptable and would facilitate the adoption of other solutions.

### **Wage Regulation Viewed by Labor Unions**

*93CH0151A Prague EKONOM in Czech 2-16 Nov 92  
p 26*

[Article by Jan Uhlir of the Kovo Labor Union: "Wage Regulation Through the Eyes of a Trade Unionist"]

[Text] From time to time, wage regulation gives rise to public discussion but constantly vexes employers as well as a fair portion of managements. And no wonder. It is indicative that the only two spheres that have thus far been virtually untouched by the liberalization of economic and social relationships are very closely tied to the labor market, the price of labor and collective bargains as a basis for contractual relationships between social partners—that is, employers and employees. However, the market mechanism cannot function well without its essential component, which the labor market most certainly is.

Wage regulation for 1992 was originally prepared at the Federal Ministry of Labor and Social Affairs in the form of a law with federal jurisdiction. The reason was the adoption of a List of Basic Rights and Freedoms, which demands that taxes and fees be assessed by law. However, the wage regulation law was not submitted, and, so, its legislative basis remains Law No. 156/1989 Sb. [Collection of Laws], one of the final laws of the Adamec government, adopted on 13 December 1989, which deals with payments to the state budget and which, in Section 10, Paragraph 1, Letter a), empowers the government to impose "regulating fees to assure the development of wages proportional to identified outputs listed in the state plan." It is interesting that the economic ministers, in whom the words "state plan" otherwise give rise to virtual physical revulsion, do not seem to object to this foundation of wage regulation, which is legally not completely clean.

From the beginning of 1992 through the end of May, no wage regulation was in effect, which was not the result of government will but due more to a great deal of confusion. The confusion was so great that, for example, in March, there was an attempt to announce the onset of wage regulation effective 16 January! Nevertheless, since 1 June, this socialist jewel has been in effect, even though it has been modified in a certain compromising manner. It is startling that a majority of enterprises have no idea that the Republic ministries of labor and social affairs are entitled to exemptions.

For the present, wage regulation has resulted in more damage than utility. In September of this year, the trade unions initiated the reopening of the entire question on a tripartite basis. At our request, we received more than 50 analytical documents from various enterprises in less than a month. During the same period, the Ministry of Labor and Social Affairs of the Czech Republic also received approximately 50 applications for exemption (they do not precisely match our documents), about half of which were granted. What a horror. Everything continues to depend on the position taken by a single ministerial official, who, of course, is not responsible for management of an enterprise and rules whether the enterprise "may or may not." After studying specific documents from enterprises, I have arrived at the following conclusions to counter the argumentation by the government:

#### Government Argument No. 1

The managements of state enterprises and corporations under state ownership would succumb to employee wage pressures and "consume" the substance of the firms as a result of paying wages.

#### Response by the Trade Unions

This could happen, but, wherever management behaves irresponsibly with regard to wage questions, it generally causes still incomparably more damage to the overall bad management of the enterprise. Moreover, in a number of instances, it blames wage regulation to cover up its own mistakes. It is simple and yet politically highly dangerous to turn the anger of employees against the state.

On the other hand, in a number of cases, enterprises solved their economic difficulties through their own forces last year, even at the expense of wage costs. For example, many did not make use of the opportunity to draw state contributions for abbreviated work time, while others substantially reduced the number of workers and, thus, the base for any possible wages for this year. When they now have the opportunity to expand, wage regulation is preventing them from doing so. It is downright tragic to read the statement by the state official indicating that he is disregarding these circumstances!

#### Government Argument No. 2

Raising wages could start the inflationary spiral.

#### Response by the Trade Unions

In the CSFR, the share of personnel costs (wages and payments) in production costs is relatively three to five times lower than it is in the developed countries, and the influence of wages upon cost inflation is therefore three to five times lower. Existing inflationary impulses originate elsewhere (monopolies, cartel agreements, and so forth), and, say, merely the effect of the value-added tax as of January of next year can exert the same effect upon the price of a number of types of essential goods (for example, foodstuffs) as increasing wages in those branches 50-100 percent.

Of course, there is still the possibility of having demand inflation, but one prefers to remain silent regarding it because admitting that such a danger exists means admitting the failure of the reform. It is true that today, with the liberalization of prices and foreign trade, it is no longer possible to conceal demand inflation, as was the case under socialism. Its effect could mean a substantial increase in the import of consumer goods. But, as long as the result of wage regulation is only an active balance of foreign trade, the effect is somewhat small.

**Government Argument No. 3**

An enterprise may pay wages out of profits. These have been fully liberalized. Moreover, by shifting "profit" wages to expenses, the state budget would be deprived of 5 billion korunas [Kcs].

**Response by the Trade Unions**

This argument reeks of the surviving fetish of showing the profit recorded in account books as being in the interest of the state (not of the enterprise). It is not a static but, rather, a dynamic approach that is necessary: The koruna must circulate! Profits are not for wages; they should be used for expansion. Besides, profit wages paid this year can get the management of corporations under coupon privatization into difficulty at their general assembly sessions. Are the authors of this argument familiar with the Commercial Code and the "sample" statutes for corporations under the Fund of National Property?

**How Then To Proceed?**

Not even the trade unions are denying that a certain wage restraint or, rather, an agreement between the growth of wages as the centers of work and a growth in productivity are essential. But this harmony should not

be forced by a method that blocks the development of the labor market and is in conflict with the principles of market competition and disadvantages some business entities not only within the state (state versus private sector), but also in Czech border regions that are already within the framework of Europe. In addition, current wage regulation forces some businesses to import manpower at a cost two to three times higher, increases costs because of fluctuation (job training), does not take into account seasonal influences and the number of branches of the economy (the importance of the fourth quarter for final producers of consumer goods and business involving not only carp and Christmas trees), and acts counter to programs designed to increase quality.

I consider it essential to do away with wage regulation for the remainder of the year. Beginning next year, the government should force us to engage in "wage sensibility" only by market-conforming methods. Would it not be possible to publish guidelines for wage growth as items of macroeconomic information, with the provision that banks would refuse to make loans for wages or material in cases in which firms exceeded these guidelines? If I were to believe the argument put forward by a high state official that "the banks are not behaving sensibly," I should have to stop believing in the success of the economic transformation.

**Biographies, Views of New Ministers**

93BA0245B Bucharest ADEVARUL in Romanian  
16, 17, 18 Nov 92

[Article in three installments compiled by Alexandra Andon, Smaranda Oteanu-Bunea, Irina Dimiu, Corina Dragotescu, Ion M. Ionita, Gigi Lazar, Constantin Lupu, Ana Nita, Constantin Priescu, Peter Sragher, Gabriela Tranciuc, and Adrian Ursu: "Who Are Those Called To Form the Next Government?"]

[16 Nov p 2]

[Text] Friday, at the joint session of the Parliament chambers, Nicolae Vacaroiu, prime-minister designate, presented the list of those he wants as collaborators. Some are well known, others are illustrious unknowns. In what follows, we present biographical information about them. At the same time, ADEVARUL reporters held interviews with the prospective members of the future government team. The questions they asked were:

- (1) Are you a minister of reform or of transition?
- (2) Do you consider your appearance before the parliamentary commission a formality or a real test? What question would you not like the commission to ask you?
- (3) Why did you accept this position?
- (4) Will this government last one winter, one year, or a whole legislature?

We only regret that some of the future dignitaries were not able to respond to our questions in time.

**Misu Negritoiu, president of the Council for Economic Coordination, Strategy, and Reform; minister of state**

Born on 26 May 1950 in the commune of Dabuleni, Dolj County.

1973 School of International Economic Relations graduate; 1979 Bucharest Law School graduate.

From 1973 to 1990, worked as foreign trade economist at the Ilexim enterprise, at the Ministry of Foreign Trade and International Economic Cooperation, and as director at the Arpimex foreign trade enterprise.

From March to October 1990 was economic issues advisor at the Romanian Embassy in the United States, and in November 1990 was named president of the Romanian Development Agency with the rank of secretary of state.

He has a Ph.D. in economics and is coauthor of the book "Management in International Trade." He was assistant professor in international economic relations at the Bucharest Academy for Economic Studies, and is a member of the American Arbitration Association.

He is married and has two children.

**Answers**

- (1) Both reform and transition.
- (2) At the hearing, both an exam and a lesson; I hope that I will not be asked a question about discontinuing the reform process, and that I will not eventually be asked to discontinue the reform process.
- (3) I consider it a unique opportunity, a new experience, an attempt to do more than what has been done so far. Moreover, there is also a sense of civic duty, which is in practice associated with the reform. I believe that we must continue what we have started.
- (4) I believe that it will be a government for the full mandate, which means four years.

**Florin Georgescu, minister of state and of finance**

Born on 25 November 1953 in Bucharest.

1976 University of Bucharest graduat, with a degree in finance-accounting.

After graduation worked at the Ministry of Finance, and at the same time held a teaching position at the Academy for Economic Studies.

He is currently secretary of state at the Ministry of the Economy and Finance.

He has a doctor's degree in economics and is the author of more than 150 specialized studies and articles published here and abroad.

As Fullbright scholar in 1991-92, he completed a post-graduate program in financial management at the University of Missouri in the United States.

He is not married.

**Answers**

- (1) I will be a reform minister.
- (2) I will accept any question since I have nothing to hide, especially from parliamentary commissions.
- (3) As an expert and specialist, understanding the difficulty in which our country finds itself right now, including its financial aspects, I felt that my professionalism and experience in the field that I will lead could be useful at this particularly difficult stage.
- (4) The longest possible time.

**Teodor Viorel Melescanu, minister of state, minister of foreign affairs**

Born on 10 May 1941 at Brad, in Hunedoara County.

1964 Bucharest Law School graduate; 1970 Geneva University Institute for Higher International Studies graduate.

Since 1966, worked at the Ministry of Foreign Affairs, where he advanced through the hierarchy from diplomatic attache to ambassador.

He participated in numerous delegations to U.N. meetings and conferences, and functioned as first secretary to Romania's Permanent Mission to the U.N. Office in Geneva. In 1989-1990, he led Romania's delegation to the Vienna negotiations on armed forces and conventional weapons in Europe, and to the negotiations to adopt new measures to improve trust and security in Europe.

Since May 1991 he has been secretary of state at the Ministry of Foreign Affairs, head of the Political Department for Europe and North America.

He has a Ph.D. in political science from the University of Geneva, and is the author of the books *Responsibility of States for the Peaceful Use of Nuclear Energy* (Switzerland, 1975), and *International Organization of Labor—Operations and Activities*.

He has published a significant number of specialized studies and articles.

He is married and has one child.

#### Answers

(1) The government's objective is to truly continue the transition toward another type of society. In my field, I think that I would best characterize the situation as minister of normalcy. I believe that I will continue to manage what was started by my predecessors. Romania is entering a period of normalcy and I hope that this will also be noticed in the field of foreign relations.

(2) It is indeed a very difficult exam, but in all modesty, I feel very well prepared. One question I would not want to hear is what I will leave to my successor.

(3) I am a special case, because in practical terms, what I am in this job was defined within a single institution: I have been at the Ministry of Foreign Affairs since I graduation. I recognize that by belonging to this important part of the administration I have benefitted from certain privileges (studying abroad), but I consider that I also have a responsibility. For me, the question of whether to accept or not could not have arisen, given that I was trained in this institution, to which I owe everything in the professional sense.

(4) When I was a young diplomat and went to my first post, I asked the ambassador whether I should make plans for the length of a normal mission period or just take care of my business, since you never know. He answered: "You must plan your activity and work as if you were to remain here all your life and at the same time be ready to leave in 24 hours." The government must therefore take its business seriously and plan its activity for the winter period, but also consider it for the entire four-year term. I do not believe we are here just to fill a

seat until the snow melts, but rather that we are a government that must be prepared for a four-year mandate.

#### Petre Ninosu, minister of justice

Born on 9 November 1944 in Bucharest.

1968 Bucharest Law School graduate.

Worked as scientific researcher, lawyer, and advisor at the Ministry of Justice.

On 20 May 1990, was elected deputy on the National Salvation Front lists, and in the preceding legislature served as president of the Chamber of Deputies's Judicial Commission on Discipline and Immunities.

He is currently a senator from Bucharest, representing the Democratic National Salvation Front.

He is the author of a large number of scientific papers on civil rights and international private law.

He is married and has one child.

#### Answers

(1) I think that we should refer to the previous period as a transition period. We now need a reform minister.

(2) The appearance before the commission will be both a political test as well as an test of my ability, including a formal part, which is the fact that you must come in and say good morning. That is a formality, isn't it? I am an emotional man. But because I am a trained lawyer, I have learned how to control emotional displays.

(3) I accepted because I am very devoted to justice. I feel very strongly about one of the constitutional amendments that I proposed, that no one is above the law. I return with anticipation, with good thoughts, and solemnly to my home, the justice department.

(4) I believe it will be a government for the entire legislature. I have faith in my teammates and know all of them.

[17 Nov p 5]

[Text]

#### Lieutenant General Nicolae Spiroiu, minister of national defense

Born on 6 July 1936 in Bucharest.

Graduated from the Technical Military Academy, Tank, and Auto Engineering Department and completed a postgraduate course in strategy and operational arts. He has a Ph.D. from the Technical Military Academy.

He has been active as a scientific researcher at the Center for Tank and Auto Studies and Experimentation in the Development Department of the Technical Directorate of the Land Troops Command. He served as Secretary of

State and Chief of the Army Supply Department, and since May 1991, as minister of national defense.

He has two children.

**Answers**

(1) In the new government I will be a reform minister.

(2) I consider appearing before the parliamentary commissions as an absolutely necessary test, which everyone who has been selected for a position in government must undergo.

How would I argue for this view? Parliament must decide based on full knowledge whether to place its trust in a future minister. There is a governmental program supported by the future prime minister. But each minister must have a clear concept of integration into this program. Members of Parliament must be convinced that the person being proposed has such a concept and is capable of implementing it. There are no questions in the area of responsibility of the Ministry of National Defense that I cannot or do not want to answer. I can be asked any question.

(3) Out of a sense of duty and loyalty to the military organization and the country. I had any number of possibilities for continuing my career, and thus not for my personal interests. I might even say that for my personal interests, accepting it is a sacrifice. We, military men, have a duty to make sacrifices in the interest of the country and of the people.

(4) I hope it will be a government for a full legislature.

**George Ioan Danescu, minister of internal affairs**

Born on 30 October 1938 in Ploesti.

Graduated from Law School and completed specialized postgraduate courses.

Served as Prahova County chief of police in 1990 and was subsequently named chief of the General Police Inspectorate.

Undersecretary of state at the Ministry of Foreign Affairs since March 1992.

He is married and has three children.

**Answers**

(1) I will be a minister of internal affairs who applies legal provisions. I want to see peace and order both within the staff of the Ministry of Internal Affairs, as well as outside, within the country.

(2) Emotions are natural, but I know my job and I suspect I will be able to answer any questions about the ministry that I am to lead. I am concerned about the question of whether we will be able to totally halt illegal activities. I will not be able to answer in the affirmative.

(3) I accepted because I am a military man. For me, the job of a policeman is a childhood passion and I like it.

(4) [Answer to question 4, if any, not published]

**Dumitru Popescu, minister of industry**

Born on 9 September 1935 in the commune of Balesti in Gorj County.

1957 Timisoara School of Electrical Engineering graduate; 1965 graduate of the Technical-Economic School of the Bucharest Polytechnic Institute.

Between 1957 and 1976 he worked as an engineer at the Technical Line Center in Timisoara, and at the Bacau Regional Electricity Enterprise.

From 1976 to 1985 he worked at the Ministry of Electric Power and then in the State Planning Committee.

From 1990 to 1992 he was deputy minister and subsequently secretary of state at the Ministry of Industry.

He is currently vice president of the Autonomous Management Group for Electricity.

He is married and has two children.

**Answers**

(1) You cannot navigate without a compass. Therefore, I am a reform man in the transition period.

(2) I would like not to be asked whether we will have power this winter.

(3) The proposal to become part of the new government has stirred up old tensions between personal interests and the sense of duty. Give the nature of current conditions, I could not allow personal interests win out.

(4) There is a proverb that the beginning lends a hand to the end. I am very concerned about the coming winter.... If we come through successfully, we will be a four-year government.

**Paul Teodoru, minister of transportation**

Born on 19 September 1934 in Chisinau.

Mechanical engineering degree.

Worked as mechanical engineer at the Bucharest Railway Regional Center, and then in the Ministry of Transportation and the State Planning Committee in the area of transportation and telecommunications.

After December 1989, he worked as director in the Ministries of the National Economy, Public Works, and Land Improvement, and is currently general director at the Ministry of Transportation.

He holds a Ph.D. in economics and is the author of many specialized studies and articles.

He is married and has one child.

**Answers**

(1) Reform and transition are very hard to separate. There is no transition without reform and vice-versa. I am therefore a supporter of both reform and transition.

(2) The hearing will be an exam like the hundreds of exams I have taken through the years. I want to prove to my colleagues in government in Parliament what I know and how well. I do not think there is one question I would not wish to be asked, unless it is part of an idea of which I do not approve, such as "who is not with me is against us."

(3) I took the job because I am a scholar who also values practical applications. I have held senior positions in this ministry and I know very well where the main problems are in the area of transportation.

(4) I am certain that the government will last at least through the winter. If the government passes this test, then it will last a whole year. By the middle of next year we should know whether the standard of living is improving, and for sure whether the government will last the full legislative term.

**Andrei Chirica, minister of communications**

Born of 4 June 1939 in Ploiesti.

1964 graduate from the Bucharest School of Electronics and Telecommunications.

From 1961 to 1968 he worked as an engineer at the Radio and Television Directorate, participating in the installation of the first transmission radio relays in Romania. He also worked as chief-engineer at the General Directorate for Mails and Telecommunications between 1968 and 1984, and then as deputy director general for telecommunication research and computerization.

He has been minister of communication since June 1990.

He has published a number of specialized papers here and abroad and has participated in international conferences organized by the International Telecommunications Union.

He is married and has no children.

**Answers**

(1) Reform will assure a transition to a new economic system and a new society. I will therefore be a reform minister and I hope that I can also be considered as such so far, since the first step of reform in communications has been taken.

(2) It cannot be a mere formality because if you want to vote for someone based on full knowledge you need to directly analyze his attitudes, convictions, plans, and experience, and this analysis can only result from a real test. I would not want to be asked questions such "are

you happy with what you have achieved," because the answer is always "yes" and "no," and therefore is equivocal.

(3) I took the job because I have a sense of responsibility first of all toward those who work in this communication sector, to which I have belonged all my active life.

(4) I do not know, since it depends somewhat on us, but we must behave normally, as a government with vision and long-term objectives while also solving all short-term problems.

**Constantin Teculescu, minister of commerce**

Born on 6 October 1946 in Bucharest.

1970 graduate of the Academy for Economic Studies.

After graduation worked as an economist and in 1981 was named director of the Egyptian-Romanian Bank in Cairo.

He is currently vice president of the Romanian Foreign Trade Bank.

He is married and has two children.

**Answers**

(1) I will be a reform minister. To be brief, my arguments can be found in the platform-program of the Democratic National Salvation Front [FDSN], the party I represent in the government.

(2) I believe that we, as candidates for a government position, should regard the parliamentary commission very seriously. The commission consists of specialists as well as politicians, and each person's competence will be weighed in both regards. I cannot think of any question that I would not want to answer. On the contrary, I believe that the parliamentary commission is in a position to ask as many and difficult questions as it needs, so that the ministers can be validated with full knowledge of the facts.

(3) The FDSN has proposed for approval as ministers people whom it trusts, who have political and managerial experience, who believe in the platform-program, and who have the resources necessary to face a difficult administration.

(4) I am convinced—despite the fact that it was presented to Parliament on an unlucky day—that this government will propose to the nation a policy valid for at least four years.

**Matei Agathon Dan, minister of tourism**

Born on 17 September 1949 in Bucharest.

1971 graduate of the Academy of Economic Studies with a degree in accounting.

After graduation, worked as economist at a building-assembly site, and subsequently at an institute for scientific research and technical engineering in the field of nonferrous metallurgy.

In 1990 he was named inspector general in the prime minister's Inspectorate Group, and later was named sector chief at the Ministry of the Quality of Life and Social Protection.

In December 1991, he became undersecretary of state, deputy of the government's special commissioner for relations with unions and employers, and is currently FDSN deputy from Bacau.

He has written and published a significant number of specialized articles and papers, and completed advanced courses at the Japanese Agency for International Cooperation in September 1991.

He is married and has one child.

#### Answers

(1) I will be a reform minister because tourism reform can mean no other thing than privatization through all avenues.

(2) The fact that the political options of parliamentary commission senators and deputies are different and that a rather precarious balance exists between political organizations, means that the appearance before the commission will be a real test. There is the possibility that candidates will be asked disturbing questions. I would not want to be asked where I will spend my vacation this year. All joking aside, I do not think it is just a formality.

(3) I accepted the position because I believe that I can do more in the executive branch than I can do in Parliament.

(4) It will be a transition government.

#### Aurel Constantin Ilie, minister of water, forests, and the environment

Born on 19 May 1946 in Buzau.

1970 University of Bucharest graduate, with a degree in hydraulics.

Immediately after graduation, he worked as research engineer at the Institute for Studies and Planning of Land Improvements and Water Management, and in 1983 worked with the National Water Council coordinating the activities of directorates for scientific research, hydrographic basin improvements, and investments.

He is currently director general of Acqua-Proiect, a water management planning, analysis, and design strategy company. During this entire time he continued teaching at the Bucharest Construction Institute, an activity that he began immediately after graduation.

He has a Ph.D. in hydraulic engineering sciences, is the author of important specialized papers, and has participated in international scientific meetings on water. He has also produced studies and strategies on the country's water resources.

He is married and has two children.

#### Answers

(1) Both reform and transition.

(2) It will be a real test. I am certain that I can carry out the job the government has asked me to do. Once before the commission, I can answer any logical question.

(3) I accepted the candidacy for this position for the time being.

(4) I share the prime-minister designate's opinion that he who laughs last laughs best. I believe the government will last four years, and maybe even longer.

#### [18 Nov 92 p 5]

[Text] Today we conclude the presentation of the people who will form the Vacariu cabinet—assuming that they get through the parliamentary commission tests and the legislative vote. Along with some brief biographical data we are also publishing the responses of the prospective ministers to the four questions posed by ADEVARUL reporters.

#### Dan Mircea Popescu, minister of state, minister of labor and social security

Born 6 October 1950 in Bucharest.

1975 Bucharest Law School graduate; holds a Ph.D. from the University of Bucharest.

Since 1975, has worked as legal advisor, then as scientific researcher at the Political Science Institute of Bucharest, and as university lecturer in the Department of International Relations.

After December 1989 he was a member of the foreign policy commission of the National Salvation Front Council and was subsequently elected a member of the Provisional National Unity Council.

In 1990 he was named presidential advisor on domestic political problems.

In April 1991 he was appointed minister of state for quality of life and social security, and from October 1991 he has been minister of labor and social security.

He is a Democratic National Salvation Front [FDSN] senator for Prahova and was elected vice president of the Senate.

He is the author of specialized books and studies on political science and comparative constitutional law.

He has one child.

**Answers**

(1) I believe that both possibilities can be considered, especially since the period we are now in requires both of them.

(2) Without any doubt, the presentation before the parliamentary commission is a real test. I approach this audience with seriousness and responsibility and I am convinced that commission members will approach it in the same way. The event is a first in our political life. Regarding the question that I would not want to be asked, I would say that I would not want to be held responsible for the increase in the unemployment rate.

(3) I agreed to be a candidate for this job because by now I have accumulated experience in this area and, furthermore, I have some ideas that I believe I can put to use in the period to follow, with the assistance of those around me.

(4) Regardless of the kind of government it will be, I will work as I have up until now, some 12-14 hours per day, so that perhaps we will make some progress after all in this area that is so important for us all.

**Ioan Oancea, minister of agriculture and foods industry**

Born on 14 August 1939 in the village of Hiria, Bacau county.

1964 University of Bucharest graduate, with a degree in agronomy.

During 1964-82 he worked as an agricultural engineer at an IAS [State Agricultural Enterprise], rising through the ranks to the position of director. After that he worked in departments and ministries of his specialty, currently serving as director general of the Agriculture Ministry.

He has a Ph.D. in Agricultural Science and is a university lecturer at the Agronomic Institute of Bucharest and the author of a number of important specialized scientific works.

He is married and has one child.

**Answers**

(1) Both the one and the other. It is clear that we have to go to a market economy, even as we go through a period of transition. Thus we need to think things over three times before we cut once, as the saying goes. We need to take advantage of what is good in our previous experiences and correct what was wrong—and here I am referring to the agricultural and zootechnology sector. Without any justification, two million cows were sacrificed that had no connection with communism and, unfortunately, we now have an enormous market deficit of meat and milk. Therefore, we have to seriously think out every decision.

(2) I think it is a real political test. Our program is centered around FDSN's governing program and it will not be easy to reconcile all political formations in

Parliament. Agriculture is a politically neutral issue, and I am convinced that all parliamentarians will adhere to that idea because that would be better for our country as well. I am not afraid of any question. I have prepared for this, you see; before you I had guests from the IAB [expansion unknown], the ASE [Academy of Economic Sciences], and directly from production components. I am at the disposal of Parliament not only for now but also later, in case I am not approved.

(3) I took the job out of responsibility for what has to be done in agriculture and the food industry, where the situation is particularly bad. We need to find a team of professionals—of men who have risen through the ranks, who know the business starting from production up to the level of minister—and we will give priority to economic branches that have favorable material conditions for obtaining good results. I do not yet have a mandate for changes. Nevertheless I am thinking in terms of a high-quality team, regardless of political affiliation, that would be able to exploit the capabilities we have so that Romania would no longer have to import agricultural products. Forecasts are hard to make because production cycles are long; still, we could start seeing improvement in the area of vegetable products within a year and in zootechnology within two or three years.

Becoming a minister represents, at the same time, both satisfaction and recognition. Everyone wishes to develop professionally, but my activity up to now gives me reason to believe that I can carry out the ministerial tasks well. I hope to have the support of my family, especially since my wife has the same profession. It is possible that I will not be approved; however, I promise my sincere support to some other, better candidate.

(4) I hope with all my heart that the government will last at least one legislative session since only then will we be able to do what we have proposed. We are a team of well-trained people, and I am optimistic: We will get on with the job and we will succeed.

I believe in the profession of agricultural engineer—a profession with a great future—and when teaching I try to pass on this passion to my students. In the real world agricultural production is done by people with training in the field, and I am convinced that we will get there, too.

I greatly appreciate competence and correctness in people with whom I work. I have always striven to be fair with those who work and their rights, but I recognize that I am very demanding: My people must work! I will step over dead bodies if I have to do a good job. And I do want to get the job done. With passion, experience, and competence, anything is possible. The Romanian people have these qualities, thus we can and we must get out of the current situation, at least as far as agriculture and the food industry are concerned.

**Marin Cristea, minister of public works and land management**

Born 27 July 1934 in the village of Banease, Giurgiu County.

1957 Polytechnic Institute of Bucharest graduate, with a degree in mechanics.

During 1954-76 he worked at various enterprises in the construction materials industry.

Subsequently he worked in the ministry of his area of competence, coordinating research in the areas of mechanical energy and engineering technology, and in the areas of planning and technical assistance for the execution and implementation of some complex projects abroad. At present he is chief of the Construction Materials Industry Department in the Ministry of Industry.

He is married and has one child.

**Answers**

(1) I could answer yes to both. That is, in a period of transition the most appropriate solutions for reform must be found and applied.

(2) A real test, even if it does not end with...grades. They are evaluating me and my knowledge, abilities, and attitudes—face to face with the Romanian Parliament. I only have to win to adopt the most appropriate solutions. And I believe there is no question that I would not want to answer. Even if my answer is not what they want to hear, I can assure you that it will be the truth.

(3) I am a fighter by nature and am not afraid of any hardship, with all the innumerable troubles I have had. At the last moment, after a great deal of analysis, I have decided to stand by my people in this difficult time, to put to use my experience, knowledge, self-sacrifice, and all my physical strength. Furthermore, my extracurricular activities (social ones and especially sports) have helped me develop the character of a team player.

(4) I have not thought about going into battle for a "limited" time. I will fight with all my strength, and I have a lot of energy.

**Iulian Mincu, minister of health**

Born 21 May 1927 in the village of Lucieni, Dimbovita County.

1953 College of General Medicine graduate, and 1964 College of Chemistry graduate.

Since 1967 he has been a university professor, department chairman at the Bucharest College of Medicine, and director of the Clinic and Center for Diabetes, Nutrition, and Metabolic Disorders at the Dr. Ioan Cantacuzino Hospital Clinic.

He was elected president of the Romanian Society for Diabetes, Nutrition, and Metabolic Disorders.

He is a professor of medical science and the author of an impressive number of inventions and scientific works (over 500) published in this country and abroad.

He has been the recipient of prestigious academic titles in Romania and abroad, as well as a series of important honorific titles and international awards, including the "American university medal for noteworthy activities in university education." He was declared "International Man" for the years 1991 and 1992 by the Cambridge University Institute of Biography and the American Institute of Biography.

A prestigious personality in international scientific life, he has lectured at important universities in the United States, France, Germany, Argentina, and Brazil.

He is married and has three children.

**Answers**

(1) I will be a transition minister who wants to renew the very concept of a Ministry of Health and its function in the state, which is that of coordinating and planning health policy and not that of administrator of centralized problems. In this connection I want to say that I will decentralize the structure of the Ministry of Health into agencies that are directly responsible for providing medical assistance, whether in hospitals or polyclinics.

(2) I consider it a real test that will discuss my abilities as formulator of a new health policy within a new state policy. The health care structure currently in place no longer corresponds to reality. But a minister has to know how, with what resources, and where he has to go. I will be particularly transparent so that this commission will understand my conception of health care. On the other issue, I must say that I can answer any questions concerning me and my professional activity.

(3) There are a lot of considerations. First of all, I accepted this job after a lot of hesitation because I realized that I am the sort of person who, while not seeking prominence, nevertheless will do without hesitation whatever needs to be done to improve health care activity. Second, I want to restore the moral integrity of the physician and his responsibility to the state, as well as the respect that is due him. Third, I want to fight for quality medical care, which cannot be done without funds and without an appropriate organization. Fourth, I want to fight for the rapid introduction of a system of social insurance that will permit quality medical care.

(4) Will the government last only until the end of winter? I do not think so! I believe the government will last the full legislative session and that I will have enough time to transform the Romanian health care system. If we do not succeed in this work, it is possible that we will see unemployed doctors as early as this year. Should this sad situation materialize, the professional and material condition of doctors will remain at a very low level.

**Liviu Maior, minister of education**

Born 2 October 1940 in the village of Beclean, Bistrita-Nasaud County.

Babes-Bolyai University in Cluj-Napoca graduate, with a degree in history.

Rising through the university ranks, he became professor and chairman of the modern history department at Babes-Bolyai.

Since 1992 he has also been director of the Cluj Transylvanian Studies Center.

He served for one term in the European Parliament and is a member of the Commission on International Relations of the International History Committee.

At present he is on a NATO stipend.

He holds a doctorate in history and is the author of eight books and over 200 specialized studies and articles.

He is married and has two children. [Minister-designate Maior's answers, if any, are not published.]

**Doru Dumitru, minister of research and technology**

Born 1 November 1937 in Bucharest.

1959 University of Bucharest graduate, with a degree in mechanics.

After a four-year term in production units, he worked as a planning engineer at the Bucharest Institute of Automation and Planning (1963-71), and then at the Bucharest Research Institute for Precision Machinery, obtaining the position of director general after December 1989.

He currently holds the position of secretary of the Consultative Board for Applied Research and Development and vice president of the Employers' Association of the Romanian Institutes of Research, Development, and Planning.

He is a professor at the Bucharest Polytechnic Institute and the author of over 80 works on applied technology research.

He is married and has one child.

**Answers**

(1) It is clear that this government, as hoped, has the political endorsement of the FDSN. And, as follows clearly from the FDSN program, it will be a government of economic reform, but reform which is supportable from a social point of view. All the ministers will have to be reformer ministers. It is harder to build on what already exists than on bare ground. For that reason ours is a very complex enterprise and poses very difficult executive problems. With regard to scientific and technological activity, this sector will have a priority role

since it is not the economy that must carry scientific research, but rather it is research that must stimulate economic progress.

(2) As far as I know, this is the first time we are applying the constitutional provision for testing candidates for ministerial portfolios by expert commissions of the two chambers. In no way could it be a formality, and I expect tough questions that will allude to the impact of research on other areas of activity. Everyone elected by the people represents a party that has a program. You have to know the programs of the respective parties as well in order to be able to answer. What questions wouldn't I want to be asked? For example, how will we assure indexing in the months of November and December, because this problem is hardest to solve in the research sector. Why? Applied research (over 80 percent of the potential) works through direct contracts with economic agents who will in no way accept contract cost changes. On the other hand, national research programs, financed by the special fund, are indexed only if the state budget is indexed. Another hard question: What branches of scientific and technical research need to be kept for contact research [as published]? Which branches should follow research in industrially advanced countries? And what are the branches where we have to make breakthroughs? We have developed research in all areas—our legacy since 1989—and we have accomplishments in all areas. Thus, we must make a decision to develop and maintain contact research [as published].

(3) In my capacity as vice president of the Employers' Association of Research, Development, and Planning, I cannot refuse to take over some tasks, even if the period of governing is very difficult. Thus, I consider myself a representative of this working group for a certain period of time, which means that I have an obligation to reorganize the department into a ministry. That way I will be able to put research reform into practice.

(4) One thinks of a government being in place for a period of at least one or two years. Hence it is very important to do work that can be continued by others without being reproached for anything one did. Of course, I would not say a full legislative term because that depends on each person's physical and mental strength, assuming they take the work seriously.

**Mihai Golu, minister of culture**

Born 4 March 1934 in the town of Bumbesti, Gorj County. University of Bucharest graduate with a degree in psychology; worked as a psychologist and as university professor at the University of Bucharest.

In the elections of 29 May 1990 he was elected deputy, running as an independent on the National Salvation Front list.

He was minister of education and science from October 1991. He has numerous scientific works and published articles in this country and abroad.

He is married and has two children.

**Answers**

(1) First of all, as seen from the report just presented, this will be a transition government. But there is hope that it will also be a government of reform, in which case what has been proposed for the above-mentioned period will succeed, as expected. Consequently, I will be a minister of transition and eventually also of reform.

(2) I have not yet thought about the upcoming audience. In any case, I am open to any questions. I will answer whatever questions I am asked.

(3) I accepted the job because of the necessity of the moment, and, evidently, in the current context of political strategies and arrangements. I regret leaving my favorite area, which was and remains education. I accepted this proposal for a job in another area because that is how things stood at that particular moment, a situation that I consider absolutely temporary and transitional.

4. I hope this government will last at least a year.

**Gheorghe Angelescu, minister of youth and sports**

Born on 3 November 1961 in Bucharest. Bucharest Polytechnic Institute graduate, with a degree in machine-building technology.

He served a term at the Cimpina Machinery enterprise and then worked at the Faur Enterprise as a planning engineer. At present he is employed at the IIRUC [Enterprise for Computer Maintenance and Repair].

He is married and has no children.

**Answers**

(1) A government of reform. We are still in a transitional period, but we must also keep in mind the objectives of reform.

(2) I do not feel it has to be just a formality, but rather that it combines both a political test and one of competence. I am not at all nervous about the prospects of this hearing. In fact, I will candidly tell the commission what I will do first in my capacity as minister.

(3) Keeping in mind that I am an FDSN representative, the involvement of this party had to be felt in the government. Thus I accepted.

[Answer to question 4, if any, not published]

**Vasile Mois, minister for parliamentary relations**

Born on 8 February 1951 in the village of Certeza, Satu Mare County.

1975 Cluj-Napoca Law School graduate; after graduation worked until 1990 as a lawyer for the Satu Mare Collective Bureau of Legal Assistance.

As senator elected on the National Salvation Front lists in May 1990, he held the job of vice president of the Romanian Senate.

He led a series of Romanian parliamentary delegations to the 1991 CSCE Session and the Parliamentary Assembly of the Council of Europe.

He is married and has two children.

**Answers**

(1) I prefer to believe that it will be a government of both transition and reform.

(2) The planned hearing is serious business.

(3) After two and a half years of parliamentary activity, I thought that I would be able to handle the post of minister for parliamentary relations for two reasons: on the one hand, I began during this period to learn the secrets of parliamentary activity; on the other hand, I hope to help this government have correct relations with all parliamentary groups, in accordance with the electoral results of 27 September.

(4) I accepted this job in the hope that it will be for four years.

**Nastase Reportedly To Replace Vacaroiu**

93BA0238A Bucharest DREPTATEA in Romanian  
6 Nov 92 pp 1, 4

[Article by Ilie Paunescu: "What Are Mr. Nastase's Calculations?"]

[Text] As soon as Mr. Adrian Nastase took his seat as president of the Chamber of Deputies the following hypothesis became plausible: He was ready to wait for spring to become prime minister. Given the harsh winter awaiting us, the first violinist of the FDSN [Democratic National Salvation Front] would leave the thankless job of governing during the most difficult season to someone else so that he could appear after that at the helm as the savior of the country. And of its party.

The first of the next steps — the appearance of Mr. Nicolae Vacaroiu on the scene—seems to fit into the scenario.

However, do we really have a prime minister in this newly selected person?

The question may be interpreted in many ways; it does not matter which interpretation comes first.

Of course, if Romania's political system operated with respect for democratic rules, it could happen that Mr. Vacaroiu would not succeed in arranging a ministerial team. Either because he would not get help from capable people, worthy of everyone's trust, or because the formation he would scrape together would not correspond to

his views. In this case he would have to give up his mandate and the country once again would be without a prime minister.

However, it is doubtful that Mr. Nicolae Vacaroiu moves in these areas of personal evaluations and choices. He does not seem to have the latitude to declare himself either according to his own criteria for selecting assistants or following his evaluation of the general situation and the forces he would need to have available to correct the situation.

Mr. Iliescu has made up the game plans. The president did not take into account the conditions of the main opposition force nor does he seem agreeable to giving his chosen one any kind of freedom of action.

Sticking with a prime minister who is not a FDSN member, Mr. Ion Iliescu is refusing to accept the viewpoint of Mr. Corneliu Coposu, who requested that the party proclaimed the winner of the elections should assume responsibility for governing. To all appearances, by giving Mr. Vacaroiu instructions to form a government of technocrats, the president would be strengthening even more his refusal to give political responsibility according to the results of the made-up elections of 27 September.

This is one way of rejecting the conditions placed by the opposition to collaborate with the government in the very difficult coming months. But it also is one way of handling the interests of the FDSN vice president, Mr. Adrian Nastase, for the hypothesis that, after some time, he would be installing another cabinet comprised of representatives of the president's party.

How smart is this policy, bearing in mind that it adds the consequences of refusing to count on the help of the most powerful parliamentary opposition group to the foreseeable difficulties of the future government team?

If we may suppose that Mr. Adrian Nastase is being held back until spring, the basic conclusion, among other things, would consist of several judgments that are more or less valid today. Mr. Nicolae Vacaroiu would manage the crisis through the winter as much as he can. Let us say in six months his auto would be just about right to send to the junk yard. However, in the meantime, the new western Europe for better or worse will be put in place after 1 January 1993, the new Clinton administration will be installed, and the first international gestures of some kind of goodwill to Romania will have been accepted. On the other hand, the FDSN territorial organization in Romania will have improved and the opportunities offered by the crisis will not be missing so that the authoritarian features of the regime can appear.

Once winter has passed, another government would have more favorable working conditions. Perhaps even rosier prospects for any anticipated elections. So Mr. Adrian Nastase could begin work.

Of course, it is clear to anyone, primarily those who would profit from any prospects similar to the ones outlined above, that the hazards capable of changing or contradicting the forecasts will not be missing. Let us hope that they will not channel the evolution of events into situations more serious than the ones anticipated.

However, nothing offers assurance against risks as long as a decisive factor is not clearly taken into calculation by the authors of the plan. The source for aggravating an unfavorable situation most assuredly is hidden in neglecting it.

Ion Iliescu and Adrian Nastase, unfortunately, seem to be continuing to advance with an ominous disregard for values that require frankness and pure intentions. Romania's greatest difficulties result from the consistency they have shown in perpetuating methods and seeking goals opposed to the fundamental requirements of instituting a true democratic regime and promoting a market economy.

#### **Paunescu, Tudor Seen Representing 'Fascist Threat'**

*93BA0240A Bucharest ROMANIA LIBERA  
in Romanian 10 Nov 92 p 1*

[Article by Ion Stratan: "What a Tragic Farce!"]

[Text] Now, after the former and current president allowed "the working class," in September 1991, to forcibly change the elected government, Prime Minister Stolojan left for the Common Market after he had clearly applied the Ceausescu strategy of balancing the foreign-trade balance at the expense of normalizing prices and taxes.

"Warming up" the seat for its future occupant was being done in full view of the nation and with the understanding of viewers who had before them the mask of an "honest" man. We saw what happened to the Moor after his job was done, even if television sets do not run on gas....

So, after a thousand dead—for which the PSM [Socialist Labor Party] is responsible because of its intolerant statutes—here we are faced with Ilie Verdet [PSM chief] as a legitimate politician, who gave our children rancid bacon fat for breakfast. And who is the candidate of the party of national-socialist origin but none other than Adrian Paunescu: author of the personality cult, architect of the emptiness and fear in our souls, and boundless flatterer of the sadistic illiterate cynic. Because it must be said clearly, unequivocally, and once and for all that Nicolae Ceausescu to a great extent was the creation of Adrian Paunescu and Corneliu Vadim Tudor. Nicolae Ceausescu would not have reached his criminal megalomania without their shameless fawning and endless praises.

Ion Iliescu's decision to run again on the eve of the dawn of democracy in eastern Europe brought with it the team

of eternal communist mercenaries. Currently in the Senate, the Socialist Labor Party and the Romania Mare Party are responsible for the fate of culture, art, and mass media communication in Romania. That very same Adrian Paunescu, the immoral and self-seeking bloody buffoon, can now decisively proclaim his opinions on the subject of our nation's history. Because, as is only natural, this is indeed seen as history in the eyes of our citizens, namely, what they see on television and read in newspapers—assuming they can get away from the obsession with hunger and cold. Romania, this tested nation, whose gentle nature, whose inexhaustible ability to face life's misfortunes with magnanimity cannot be understated, deserves a better fate.

I do not know what this nation's youth is guilty of, and I do not know what sins have been committed by those older people who did not lead the communist agony, that they should all again have to listen to the grotesque Ceausescu flatterer every evening (because he will be given intense media coverage being such a mass-media VIP).

Together with Vadim Tudor [Romania Mare Party chief], the two of them will lead the national socialist ideology to new heights. Because we really must take this sad fact seriously, a fact that will be evident to any clear-thinking person: **Romanian ideology is facing a fascist threat.** The mercenaries of communist nationalism, profiteers of the Ceausescu personality cult, will hurl intolerance, vengefulness, and xenophobic and antisemitic totalitarianism at the good faith and patriotism of readers and viewers. It is the duty of all those who consider themselves democrats by nature and not merely through circumstance—Parliament, the government, the president, creative people, and democratic organs and organizations—to stop the rise of these "Arturo Ui's" [Bertold Brecht name for Hitler]. After 45 years of lies, calumny, and fawning we want to see the Romanian press, literature, and culture closer to the light at end of the tunnel. Because deception in the mass media, sterile, false, and hypocritical instruction manuals, and nationalist instigation presented as patriotism, cannot be allowed to lead our children anew into the street toward another useless massacre.

#### **Causes of CDR's 'Painful Defeat' Analyzed**

93BA0176A Bucharest "22" in Romanian 22-28 Oct 92  
pp 10-11

[Article by Dan Capatina, member of the Civic Alliance Party national committee: "Why Did We Lose?"]

[Text] This analysis does not represent the Civic Alliance Party's [PAC] official position. However many of its national committee members share most of the views expressed here. The analysis reflects a pronounced critical and self-critical spirit and is in keeping with our party's practice to discuss the principal economic, social, and political characteristics of present-day Romanian society.

The elections are over. The consternation of intelligent people is universal, but that does not do anyone any good.

From 22 December 1989 to 11 October 1992, the authorities, right in front of our own eyes—eyes first wide in childlike innocence, then in amazement, and finally in horror—provoked one incredible scene after another in breathtaking rapidity. Even just a few of these, in a country with a mature democracy, would have been enough to bring down the government and the chief executive. And yet, after two and a half years of a neocommunist government, we find ourselves right back to square one. Where, when, and how did we err so that now we are the only European country in whose Parliament one hears once again the voices of the toadies of the most abject communism ever imagined, the communism of the dead who are yet still with us, of Comrade Nicolae Ceausescu? Until recently I was involved in the PAC's decision-making process. Based on that experience and on critical analyses to which I have direct access, I will try to list some of the causes of the painful defeat of which we are now feeling the effects:

#### **1. Political and legal dilettantism in drafting the Democratic Convention charter**

The formation of the Democratic Convention of Romania [CDR] responded to the demands of the majority to unite the principal forces that had struggled to install an authentic democracy in Romania. Unfortunately, the absence of a comprehensive protocol to respond to the many problems that this union raised had grave consequences on the way in which the Convention as a whole and its constituent political parts later presented themselves.

Among other things, this protocol should have clearly stipulated the following:

—the status as observers for the apolitical organizations participating in the Convention (the Civic Alliance, the AFDPR [Association of Former Political Prisoners], the UMRL [World Union of Free Romanians], Universal Solidarity, Future Romania, the 21 December Association, etc.);

—the criteria for determining the percentages of participants from the different parties on the common slate of candidates for Parliament;

—the status of the Democratic Association of Hungarians in Romania [UDMR] and the Democratic Convention's capacity to include other ethnic parties;

—banning any kind of claims by parties that quit the Convention.

#### **2. The Withdrawal of the National Liberal Party from the Democratic Convention**

This political decision by the National Liberal Party [PNL] leadership was a blow to the entire opposition. Just look at some of the effects of this decision:

—the electorate lost faith in the opposition's stability and unity;

—we were blocked from taking political advantage of the National Salvation Front [FSN] split;

—it allowed the nationalistic parties to advance a falsely liberal argument justifying their activity as a reaction to the antinational policy of CDR member, the UDMR;

/m—it cost the opposition at least 4-5 percent in the parliamentary elections. This figure is obtained by adding those votes effectively lost by the PNL through its failure to exceed the 3-percent threshhold together with the additional votes that the prestige and experience of the former and I hope future reborn PNL would have brought to the Democratic Convention.

### **3. Insufficient PAC activity in pre-electoral politics, given the support it enjoyed at the outset.**

On 15 November 1990, the Civic Alliance succeeded in mobilizing millions of people in most of the country's major cities. On 27 September 1992, the PAC, born from this movement so full of hope, managed only the "performance" of a 4 percent representation, that is, a marginal representation of a second-rate party.

Without entering into a debate on the party's internal problems, I must mention a few of the major causes that brought about this development, namely:

—the failure to clearly define the political and ideological orientation of the party, a fact seized upon by its adversaries. The PAC's political department did not present to the National Committee a single proposal in this regard;

—the absence of any party structures that would allow the necessary connections both horizontally (among similar departments of other formations within and outside the Convention) and vertically (center-branches-subelements);

—a lack of political experience on the part of certain decision makers in the party (especially among those behind the scenes) when compared with more established parties (the National Peasant Christian Democratic Party [PNT-cd], the Romanian Social Democratic Party [PSDR], etc. The procedures for nominating a presidential candidate as well as the drafting of the common parliamentary elections slate are but two examples of this problem.

### **4. The split between the Civic Alliance and the Civic Alliance Party.**

This split became public with the designation of the single candidate for president, but its roots were much deeper:

—the PAC did not have the support of AC branch organizations in the preparation and conduct of the electoral campaign;

—PAC unleashed a divisive press campaign concerning this AC decision that only succeeded in weakening the opposition's own unity;

—it represented a serious handicap for the CDR presidential candidate.

### **5. The inadequate process for naming a single CDR presidential candidate.**

The candidate selection process had a negative impact on the election campaign thanks to:

—the absolutely unjustified delay in announcing the single candidate. In the United Staes for example, with a much more politically aware electorate and with a strong and independent mass media, the candidates for the top post in the country are decided by the two major parties almost a year before the elections;

—the shadowy way in which the candidate was named created the somewhat false impression that the voters were being manipulated;

—the fact that some of the electors were not really representative, having been selected by more or less "phantom" organizations;

—the confusion in many of the electors' minds of their own expectations vis-a-vis the future candidate with those of the true electorate, that is, the 16 million voters;

—requiring candidates, directly as a result of the previous point, to make certain statements devoid of political reality. These declarations were then used to good effect by adversaries in the presidential campaign.

### **6. CDR's bad short-term strategy: the pre-electoral period**

A succinct review of this strategy points to such errors as:

—the CDR squandered the psychological impact on the electorate of the partial victory in the local elections;

—the CDR did not grasp the critical situation, this past spring, of the supporters of the Iliescu wing. Instead of joining forces with the National Salvation Front [FSN] (which was the only party that argued effectively for scheduling elections during the first half of the year), the CDR indulged in a delaying tactic that in the end proved fatal. Deficiencies in internal organization (future parliamentarians had not yet held their negotiations), as well as the inertia characteristic of an aged leadership explains in part this very erroneous tactic. We must not forget that in this battle, the CDR would have had on its side the Stolojan government as well as the FSN;

—certain key CDR members displayed politically illogical behavior during the drafting and adoption of electoral laws. For example, PNT-cd and PSDR parliamentarians (the latter probably in anticipation of a possible dissolution of the Convention) argued for lowering the representation threshhold from 5 percent as

was proposed in the initial law to the current value of 3 percent. This made it just possible for the nationalist-communist parties, that is, the Socialist Labor Party [PSM] and the Romania Mare Party [PRM], to make it into the present Parliament;

—The Democratic Convention promoted an unrealistic policy in preparing the electoral campaign and organizing the elections.

The fact that the local elections were proper both from the perspective of the voting process as well as the counting and collecting of the votes, caused the opposition to drop its guard—I believe that this was one of the hidden objectives pursued by the authorities in these elections. This is the only way one can explain the CDR's total disorganization at certain polling centers, the absence of clear rules regarding the conduct of its representatives, the manner in which the official reports that were supposed to be collected by the CDR were drawn up and then invalidated by voting-sector presidents, etc. All of these factors paved the way for fraud—where there was the intention—allowing the results of the parliamentary elections to be tampered with. One must not forget that had the reformist parties (the CDR and the FSN) won only 10 percent of the 13 percent of the votes invalidated, they could have formed a center-right government;

—the CDR did not have the benefit of its own team of professional sociologists to inform its strategy department of the electorate's current opinions and its reactions to certain initiatives or positions taken by the CDR leadership;

—The CDR once again underestimated the dominant role that certain sectors of the *Securitate*'s secret forces play in the Romanian political arena, forces supported by internal or external interests that are foreign to our national interests.

## 7. CDR's bad long-term strategy

The CDR failed to offer the electorate a clear and coherent alternative. The negative effects of this failure can be partially summed up as follows:

—Too few supporters among urban electorate moderates.

The CDR's political dialogue was incomplete thanks to the withdrawal of the PNL from the Convention and the unjustified restrictions placed by the electoral campaign director on the direct presentation via the mass media of the political and especially economic positions of liberal-wing representatives (the PAC and the National Liberal Party-Young Wing [PNL-AT]). One of the reasons for establishing the PAC was to attract and hold a majority of the young and middle-age generations made up of active and honest people concerned first of all with their professions and then only secondarily with politics. These are people less receptive to long speeches of any kind, from nostalgic harkenings back to the interwar

democracy to radical calls for the past and possibly future communist totalitarianism. These are the people who occupy the political center in our society. The PAC was not established to be an adjunct to the PNT-cd, in other words, to the party that is, unfortunately, in flagrant contradiction with its platform, and due to both the propaganda of those in power and the type and age of the personalities that it represents, appeals to the right wing of the electorate. Nor was the PAC established to take up the social democrat's standard. The PAC wanted to be a young party, modern and pragmatic, which proposed as its principal objective the total dismantling of the communist structure in all of its old or new forms. This would be achieved through a dynamic and realistic policy, based on the acceptance by and assistance of the productive sector of our population. It would be aimed at a free market economy and a democracy devoid of "originality" (the Democratic National Salvation Front [FDSN]) or "nationalism" (the Romanian National Unity Party [PUNR] or the PRM), in other words a Western style democracy. Unfortunately, the Convention's liberal wing (the PAC and the PNL-AT) did not convince its segment of the electorate.

The CDR lost the center, leaving it free to the disputes between the populist demagoguery of the FDSN and the strongly professional and conspicuous intellectualism of the FSN, somewhat modified however by the politically aware citizen through the partial failure of the Roman-Stolojan government.

—Insufficient support for the Convention in rural areas.

As opposed to the leftist parties, which benefited from a cadre of activists in place in the villages from the times of the dictatorship, the CDR was very poorly represented in the countryside. The PNT-cd was only able to cover just some of these regions and the other political groups in the CDR were even less significant. Thus the totally false slogans concerning landlords and monarchy struck a resonant chord among the ranks of an incredibly immature electorate.

Convention mass-media advertising was similarly lacking, both because of its poor quality and because of the simple fact that without direct contacts, the effect of mass-media processes really is minimal on the socio-political consciousness of those who receive the message.

—The CDR's failure promptly to take a clear position regarding the national minorities problem.

The Cluj Declaration finally placed the Convention on sensible ground (especially regarding the Northern Transylvania) that had been bitterly debated by the PUNR and the UDMR. Unfortunately, the dice were already cast.

—The tacit espousal, especially through the identification of the Convention with the PNT-cd, of certain political orientations that still have an insufficient following in the electorate.

Among these orientations I would mention: the trial of communism, the full restitution of properties (land, factories, and buildings), the restoration of the monarchy, etc. Even though these elements did not appear in the CDR platform, leftist propaganda as well as some political speeches by certain PNT-cd and AFDPR leaders in the 1990's, ingrained these thoughts in many people's minds.

### **8. The PNT-cd's takeover of the Convention**

Thanks to their greater experience, the PNT-cd leaders, with the assistance of small satellite parties and the apolitical groups, managed to set up a veritable political machine within the Convention.

In the organizational arena, this machine succeeded in placing PNT-cd members in every key leadership position during the electoral campaign (the CDR's interim president, president of the Bucharest branch, electoral campaign director etc.).

In the political arena, this machine placed an unjustifiably high percentage of PNT-cd and PSDR candidates on the common slate of candidates for Parliament, when one considers the number and size of the branches of each party. It annulled the original protocols concerning the procedures for naming rural candidates (protocols over which the Convention lost two precious months in hot "debates"), it centralized the designation of the slate of candidates, often against local wishes and despite local realities. The candidates' positions on the slates were "negotiated" in the abstract, based solely on numbers and party percentages, in most cases without even knowing the personalities of those put up for consideration.

The effects of these factors were disastrous because:

—The ability of the Convention to compete was weakened considerably by the practice of placing in ineligible positions on the common slate certain excellent candidates who were mature and enjoyed professional and moral prestige in the country, while placing in the prime slots almost no one except PNT-cd candidates who were very old (having been jailed for years and whom the communists then marginalized). In the end, these primary candidates had no idea of the economic and socio-political mechanisms of modern Romanian society, and carried out a discourse that, in both content and form, played very poorly with most of the electorate.

—This situation allowed our adversaries to influence voter opinion by identifying the CDR with the PNT-cd. And, even if they were to make changes to the election totals because of proven fraud, it is well known and accepted in politics that a party that obtained 2 percent in previous elections could never hope to win a majority just two and a half years later.

—In the next Parliament the opposition will be dominated by this image of old men, whose vigor and political relevance are behind them.

### **9. The unsatisfactory involvement of the intellectuals given the importance of the current historical moment**

The relative minority of intellectuals who took part in politics was a true shame in my opinion because:

—There seems to be insufficient understanding that to be an intellectual, even a well-known one, is a necessary, but not a sufficient condition, to becoming a political figure;

—Some of them too quickly abandoned the idea that in crucial moments in the history of a people, those who are involved in politics must fully subordinate themselves to the general good;

Unfortunately, the majority of Romanian intellectuals, forgetting the brilliant example of the leaders of the 1848 revolution—then at a similar juncture in our history—satisfied themselves only with the perpetual criticism of those in power and of the way those representatives of the democratic opposition attempted to promote their cause. This is not to say this was negligence but it certainly did not measure up to the demands of the moment.

Now more than ever, we must look beyond all of the unhappiness and the possible criticisms and, based on constructive and realistic positions, undertake a general effort to identify the ways to repair Romanian society.

**Now more than ever, we must strengthen the Democratic Convention.**

### **Mures Prefect Refuses To Meet Hungary's Horn**

*93BA0144A Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 24-25 Oct 92 p 1*

[Unattributed article: "Mures County Prefect Refuses To Meet Gyula Horn"]

[Text] In yesterday's issue of our paper, we wrote about Circular No. 28/3096 of the Romanian Ministry of Foreign Affairs, according to which the personnel of domestic public-administration agencies may maintain contact with officials from foreign countries only with the ministry's permission. Gyula Horn, the chairman of the Hungarian National Assembly's Foreign Affairs Committee, has been the first to be confronted with the consequences of this measure. Likewise, in its Friday's issue, the Bucharest daily EVENIMENTUL ZILEI reported that Vasile Urdea, the prefect of Mures County, cited the instructions contained in the aforementioned circular as the reason for his refusal to meet with the Hungarian politicians who are in Marosvasarhely [Tirgu Mures]. Replying to a question put to him by the paper's reporter, Gyula Horn said that nowhere in Europe do visits at the party level have to be announced officially. As he emphasized, the authorities in Bucharest had been informed of the visit through the Romanian Embassy in Budapest. "If the prefect does not wish to meet with us, we take cognizance of his decision," Gyula Horn told the reporter of EVENTIMENTUL ZILEI.

Hungary's former foreign minister arrived in Maros-vasarhely Thursday evening as the head of an MSZP [Hungarian Socialist Party] delegation. Gyula Horn declared that his delegation was returning last year's visit to Budapest by a delegation of the RMDSZ [Democratic Association of Hungarians in Romania]. On that occasion, the members of the RMDSZ delegation had contacted also the parliamentary caucus of the MSZP, among others.

**'Agreement Despite Division' at UDMR Meeting**

*93BA0144B Bucharest ROMANIAI MAGYAR SZO  
in Hungarian 27 Oct 92 p 1*

[Article by Janos Gyarmath: "Agreement Despite Division"]

[Text] It is no secret that two bagpipers in the same village tavern are one too many. In other words, that the two wings within the UDMR [Democratic Association of Hungarians in Romania—RMDSZ in Hungarian]—namely, the moderates and the radicals—find it increasingly difficult to get along with each other, and to reach a consensus on important issues. The makeup of the two groups cannot be defined readily. A war of statements erupted between them prior to the meeting of the National Council of Delegates, scheduled for 24 and 25 October, and the very unity of the organization representing the interests of the ethnic Hungarians in Romania seemed threatened. As our paper has already reported, one side in that war—notably the radical wing—preferred to use the Romanian-language press, rather than the domestic Hungarian papers, to publish its statements. That unquestionably lent a dash of color to the controversy, which kept flaring up. Under the pretext that the parliamentary deputies and senators rallying around Geza Domokos, the party's president, had allegedly held secret talks with Ion Iliescu's party, the NMDF [National Salvation Front], the radicals sent EVENIMENTUL ZILEI a report in the form of a letter, which arrived as a bombshell. Despite a series of denials, the ensuing lively debate degenerated to where it was announced, on the eve of the meeting of the National Council of Delegates, that the individuals in question would be ousted from the RMDSZ if it turned out that they had indeed held talks.

It was in this depressed mood that the meeting opened—first of the council's policymaking body on Friday, and then of the National Council of Delegates itself on Saturday afternoon—in the assembly hall of the Samuel Brassai Lyceum in Kolozsvar [Cluj]. The agenda was extensive, but at the same time the items on it were sensitive.

The analysis of the September election's results and the drawing of lessons from it still proceeded without incident. The council established with satisfaction that Romania's ethnic Hungarians had elected deputies and senators to Parliament roughly in proportion to their own numbers. But it was also noted that, with more comprehensive political explanatory work and a better organized campaign, the

results could have been even better. Specifically the large number of ballots declared invalid indicates that there were gaps in the explanatory work of the RMDSZ. That is why not everyone understood the practice of using the tulip-and-key combination, and more than 100,000 voters committed the mistake of double-stamping. The accusation that the party's president, Geza Domonkos, had acted arbitrarily in finalizing the list of candidates for Hargita [Harghita] County was made during the discussion of this item, but then it was decided to place this accusation on the agenda as a separate item. It is quite another matter that, in the end, this separate item was never discussed, because time had run out. On the other hand, the party organizations in the Csik [Ciuc] and Gyergyó [Gheorgheni] districts, and in Hunyad [Hunedoara] County, were criticized for having filed only partial list of candidates, or none at all, in Vaslui, Neamt, and Gorj Counties; this resulted in the loss of perhaps several thousand votes. Apart from that, the debate established that the ethnic Hungarians had voted, purposefully and in large numbers, for the RMDSZ or the Romanian democratic forces. But the debate also established that, stemming from the very nature of the RMDSZ, the ethnic Hungarians had voted as Hungarians, rather than to express their political option.

Lengthy deliberations preceded also the decision on where to hold the 3d Congress of the RMDSZ, which has already been postponed several times. After hearing arguments for and against, the National Council of Delegates decided this time to entrust Brasso [Brasov] with organizing the congress on 15-17 January of next year, with the participation of 307 delegates.

On Sunday morning, those who were present had an opportunity to hear a very interesting legal debate. At issue was the legitimacy of the National Ethics Committee. After two hours of arguments, the National Council of Delegates adopted the standpoint that the National Ethics Committee could continue the work it had already begun, including the hearing and decision of the charges against the party's president, Geza Domokos, and others.

The delegates to the National Council holding different views clashed the most passionately with one another in the debate on the next (and, as it turned out, the last) item on the agenda: a proposal by Bishop Laszlo Tokes, the party's honorary president, regarding a declaration of self-determination by the ethnic Hungarians of Transylvania. In the end the passionate yet edifying debate demonstrated that, in spite of their division, the ethnic Hungarians are capable of reaching a consensus, especially on issues of vital importance. Admittedly, the proposed text was rejected and a new one was drafted, but a declaration was adopted in time for the elected deputies and senators to take their oath during an ecumenical service in St. Michael's Church, on the basis of the text that had been approved by the National Council of Delegates.

In the coming issues of our paper we will dwell in detail on the proceedings of the National Council of Delegates, and on their evaluation.

**Reaction in Krajina to Vance, Owen Statements**

*93BA0295G Belgrade BORBA in Serbo-Croatian  
24 Nov 92 p 13*

[Article by S. Radulovic: "The Status Is Stalemate"]

[Text] The cochairmen of the Peace Conference on the Former Yugoslavia, Cyrus Vance and Lord Owen, in their statements about the status of the Krajina, during a recent visit to the "Croatian region of Krajina held by the Serbs," as their arrival was termed, surprised only the representatives of the Krajina authorities. It seems that the Krajina leaders have only now become aware what they accepted "unconditionally" early this year.

That amount of tardiness in political reflection on reality and foreseeing political moves, however, is nothing new at all and only fits into the rule of behavior of the authorities here, which are now reacting to the statements by Cyrus Vance and Lord Owen that the Krajina has the right to a "special status in Croatia," that "borders cannot be altered by force," or that "the Serbs in Croatia should work out their rights the same way as the Albanians in Kosovo." A press release of the RSK [Serbian Republic Krajina] government says that such statements "represent political blindness, because they prejudice politically the resolution of the burning problem — the status of Krajina." They are forgetting or simply do not know that at the beginning of this year, that is, when the authorities here "unconditionally" accepted the Vance Plan, the principles, objectives, and means of the international action to resolve the Yugoslav crisis were established.

**Pressure on Krajina**

The first principle is the right and opportunity of any ethnic group to freely make a political choice (no distinction is made here between a nationality and ethnic minorities, so that the position of the Serbs in Croatia and that of the Albanians in Kosovo are treated the same). The second principle is the inviolability and unchangeability of borders by force, while the third "prescribes" that disputes that arise in war must be resolved by peaceful means. At the same time, the idea has also been put into circulation in the political area of "tying" the special status of Krajina to the potential status of the Albanians in Kosovo. That is, the positions of Vance and Owen are nothing new. The question of whether those positions are objective is something else. It is a fact that many objections can be made to them, not only at the level of principle, but also when it comes to the practical moves of the international community.

We might illustrate with the most recent example, which is related to the implementation or nonimplementation of the peace plan. The blame is being attributed to the Krajina side in an extremely one-sided way, and at the same time there are no sanctions against Croatia, whose armed forces, even according to the reports of the UNPROFOR [UN Protection Force] and UN general secretary Butrus Butru-Ghali deny their "exclusive

guilt" for violating the truce in those regions. International legal experts did not react even to the Croatian Law on Abolition, although well-known Croatian lawyers did register objections to it. Neither that law nor the repetition of "restoration of Croatian territories by force" have aroused the attention of the international public.

The peacekeeping operation has obviously fallen into a stalemate. Croatia is in a hurry to see the backs of the "blue helmets," and the authorities of the RSK are placing their hope on extension of their mandate for another year. To get beyond that state and continue implementation of the Vance Plan, the international community has committed itself, as shown by the visit to Krajina of Lord Owen and Cyrus Vance, to yet another pressure on Krajina. In that situation, the key question is what the Krajina people can do to improve the positions they have had up to now, if they cannot resolve their political status by March of next year (and that is a fact)?

**War or Definitive Exodus**

Reliance on support from the regime in Serbia, which the authorities here are not concealing, returning the "love" with attacks on the opponents of that regime, is nothing other than evidence that the lesson of past experience has not been well-learned. It is that regime that in the name of peacekeeping, which came suddenly, arranged the change of government in Krajina and imposed the Vance Plan. In order to prove its position on the eve of the upcoming election, it has again chosen to beat the war drum. Krajina prime minister Zdravko Zecevic commenting on the positions of Vance and Owen following the talks in Knin, declared that what lies ahead for the RSK is "either a new war or a definitive exodus."

Unification with the RS [Serbian Republic] has remained (only) limited even in the Declaration of Union, in which it is postponed until "completion of the peacekeeping operation of the United Nations in Krajina." So, the Vance Plan cannot be "jumped over" in that way either, which could not have been realistically expected anyway. Hopes that the Vance Plan can be adjusted, as the representatives of the RSK have been declaring, saying that "many circumstances have changed in the meantime"—have just been dispelled by the statements of Cyrus Vance and Lord Owen.

And finally, can anything be achieved by an election in the RSK? The biggest advocate of elections is Dr. Milan Babic, who believes that the government in the RSK would finally gain legitimacy through an election and thereby would represent a more respectable factor in defending the political options it is advocating. The present government is coming back with excuses of a formal nature, that is, with assertions that the key obstacle is that the opstinas did not draw up and deliver to the RSK Assembly within the planned period the voter lists, alleging that those opstinas include most of those which are advocating elections.

Such exchange of fire shows that the problem of the legitimacy/illegitimacy of the present government is not being approached in a serious way. In view of the circumstances and positions of the international community, that problem is not of decisive importance in the fight for the status of Krajina, but it is quite certain that resolving it would not be harmful in the least to the political interests of the RSK. For that matter, it is the only thing Krajina citizens can resolve on their own.

**Eyewitness on Tragic 'Dying of Sarajevo'**  
*93BA0300C Belgrade VREME in Serbo-Croatian*  
23 Nov 92 pp 18-20

[Article by Nenad Lj. Stefanovic: "Crying With One Eye"]

[Text] "We Are Alive, Everything Else Is a Luxury," was the title of one of the most impressive wartime columns in which BORBA's Sarajevo correspondent Zeljko Vukovic presented his confessions not so long ago. Soon after publication of that article, Vukovic and a woman he works with in BORBA's Sarajevo bureau, Natka Buturovic, were accused in several Bosnian media (among those which are left), but in the name of the Bosnian authorities, of "espionage on behalf of KOS [counterintelligence service] and the Yugoslav Army." Which at the time sounded like a call for lynching and the firing squad. Especially because it was well-known that before that (unofficially, to be sure) the other two sides, the Serbian and Croatian, had also lodged similar charges against them. Their reports from Sarajevo then disappeared from the pages of BORBA. Since that time, the names of the two journalists have been encountered only in appeals and demands from many international institutions, forums, and media to save the lives of the BORBA journalists and to make it possible for them to leave Sarajevo safely.

For all of two months, no news at all came from Sarajevo about Zeljko and Natka. At the beginning of last week, they turned up suddenly in Belgrade and greatly gladdened everyone who with good reason had already begun to suspect the worst. After seven months spent in the wartime hell of Sarajevo as reporters and reluctant witnesses who were not what any of the belligerents wanted, Zeljko and Natka were able to repeat in their first meeting with their friends only what until recently they had persistently been saying in their articles from Sarajevo: "We are alive, everything else is a luxury."

**Mysterious Departure**

They left Sarajevo illegally, and by contrast with most refugees arriving from that city in various convoys, the BORBA journalists left without permits from the Bosnian authorities. How they reached Belgrade will remain a secret, at least until the end of the war. "We do not want to talk about that. Not because in that way we might harm people who helped us to get out, but because in that way we would most probably deny a similar

opportunity to those who will be attempting something similar tomorrow. All I can say is that we did not use the 'good offices' of any of the belligerents," explained Zeljko Vukovic, whose once brown hair has become considerably "hatched" with gray in the last few months.

"Right up until the beginning of September," Vukovic continues the story, "we succeeded somehow in filing stories, often with the help of ham radio operators, which was strictly prohibited. Then, first Bosnian radio and the next day TV and OSLOBODJENJE published the news that we were working for KOS. Up until that point, I had not taken a very serious view of the various dangers we faced every day. I approached everything with the explanation—it is war, all kinds of things are happening. After that kind of accusation was published through the news media, it was obvious that every opportunity was ceasing to report from Sarajevo and that our position was becoming extremely meaningless and risky. It was clear to me that we could not live very long underground. I was not afraid of those who wrote that accusation, but of those who read it and could pull out their gun. If someone wanted to kill me, he could have done it very easily, and no kind of concealment would have helped very much. In spite of that, I took pains to make frequent changes of the places I spent the night. Just in case."

After the initial shock, Vukovic relates, he decided to establish the origin of the accusation that he was working for KOS. The man who signed that indictment on behalf of the MUP [Ministry of Internal Affairs] confirmed that he had nothing whatsoever to do with it. One of the first to come forth was Vukovic's friend Zdravko Grebo, at that time chief of the information sector of the Supreme Command of the Armed Forces of B-H [Bosnia-Hercegovina]. Grebo demanded that the evidence of Vukovic's and Buturovic's "espionage activity" be offered in public or the burden of such an important charge, for which in wartime one easily loses his life, be removed from the two journalists if there is no such evidence. Dr. Gajo Sekulic reacted similarly and helped him on a radio program. Then the wartime publication NASI DANI also spoke up with a warmongering text about Vukovic, allegedly ready to flee to Belgrade and to do so with three serialized features already prepared and invented stories about how he had been "slaughtered by Alija's mujahedin and the Ustashi." Following that article, BORBA's correspondent turned to Miodrag Simovic, B-H deputy prime minister, who is responsible for overseeing the work of the MUP, whom he asked to offer him some kind of physical protection. An answer arrived four days later from Simovic that the government (which incidentally did not exist) would soon debate the status of BORBA in B-H. In the meantime, Vukovic also had contacts with the people in the office of Ejup Ganic and Alija Izetbegovic and demanded that he either be allowed to work under the same conditions as the journalists of OSLOBODJENJE or that he be issued an exit permit. There was no response. During those

days, reports somehow reached Sarajevo about the protests of many international institutions because of the threats against the BORBA correspondents.

"I am certain that the international pressure and the voices raised by many prestigious institutions, world newspapers, and colleagues in the end perhaps saved our lives. Even in wartime, such appeals have some kind of response. It was a great feeling not to have been forgotten by everyone, although there really was a danger that our desire to stay in Sarajevo 'to the end' and to report about what is happening would be portrayed as some kind of heroism, which we did not want at all," says Zeljko Vukovic. "At that time, the people in the civilian sector of the UNPROFOR [UN Protective Force], whom we often notified when we moved, were also concerned about us."

#### **Devastated Minds**

Sarajevo, which he had left a few days before, Vukovic goes on to say, is continuing to die, although the bombardment and destruction from nearby hills has ceased. Were it not for the humanitarian aid, it literally would be dying of starvation. Winter has come, all the parks, rows of trees, and fences have been cut up into firewood, there usually is no electric power, people make fires on the balconies of buildings, saucepans have become fireplaces. Many people are living for days on just tea and rice. Dry beans and macaroni are getting harder and harder to find, and a few potatoes cost a fortune. Everything in any case is paid for in marks, which have mainly streamed into the hands of the war profiteers. There has been a considerable shrinkage in the number of those who bought up for a song old and valuable articles from desperate people, usually offering food in exchange. Packages arriving through humanitarian aid are also bought and sold on the black market. Soldiers have the easiest time getting hold of those packages, although they were not intended for them. Some of them sell the packages of food in the markets for foreign exchange; they set up their accomplices on the perimeter of the market, and just a few minutes later they take back the packages from the customers at the point of a gun, stating that this trade is unlawful. In this way, they sell the same package five or six times. Vukovic survived the first months of the war thanks to a package forwarded to him at the last moment by his friends at Radio Belgrade Second Program associated with the program "No One Like Me." In the package, which weighed 70 kg, there was at that time enough food even for immediate neighbors.

"Today that same neighborhood, which kept many people going all these months, has cracked once and for all," Vukovic says. "People's minds have been devastated, they have achieved the chief objective which they established at the outset—the people of Sarajevo have been driven out of their wits once and for all. In Sarajevo, there is no longer an entire family. Everyone is missing at least someone, whether they have been killed or left forever. Most of the true citizens of Sarajevo have

left, many back in April when the shooting began. The number of those who have realized that there is no longer any chance of a civil government in Bosnia has been growing by the day, so that even those most persistent have begun to leave. Only those who had nowhere to go have remained. Usually an entire family would go, and one would remain, the oldest member, to take care of the apartment and what was left in it. Now it has become clear even to them that there simply is no military solution and that there can be no political solution so long as the same people are masters of life and death.

"Those who have remained are afraid of the winter and realize that now the only important thing is to survive somehow. Their nerves are shot, they have lost their humanity, and they are less and less able to reason. Everyone is distrustful of everyone else, and it is no longer important here what nationality you are. Situations are quite possible in which a neighbor might turn against his immediate neighbor with whom he recently was sharing his last bite and report him to some police only in order to get his woodstove. No one believes anyone any longer. Least of all the people believe in salvation from outside. The people of Sarajevo have realized that they are all waging war against them. For them, there are no liberators. The various 'liberators' have been looting, they have taken other people's apartments, political positions, and they are waiting for the end of the war.

"Sarajevo is important to the lords of this war only as a dead city. The main argument of all participants in this war is that the maximum number of dead is on their side, and the logic of whoever had the most dead will tomorrow have the most arguments to seek weapons, rights, and territory. And that is what they are striving for. They all want to get their territory and state by stepping over the corpse of Sarajevo. The point of departure in this war was to destroy any possibility of life together in Bosnia by destroying Sarajevo. Both the strength and power existed to quickly complete that job of destruction. But the full effect is achieved when this is done in installments, by the day and by the month, because only in that way was it possible to achieve the ultimate goal of driving Sarajevo out of its mind. Today, the city is definitely at the end of its tether."

#### **"Uncle Diplomacy"**

Those who have done all this, Zeljko Vukovic goes on, got their relatives close and remote out of Sarajevo in good time and sent them to Istanbul, Belgrade, Zagreb, they put them up in good hotels or in houses and apartments bought in good time, they found jobs for them in various newly founded news pools and centers all over the world, or they made it possible for them to engage in war profiteering, the trade in arms and petroleum, and who knows what else. In late September, about 1,180 inhabitants of Sarajevo had diplomatic passports, among them many aunts and uncles who never had anything at all to do with diplomacy. Every time they hear that some of the people important to the "ethnic

cause" have been made director of some news center somewhere out in the world, the desperate people in Sarajevo who still refer to themselves as "successful failures," usually gather their strength for a bitter joke and comment "More power to him, that is where we need him most now."

In the Sarajevo experiment with people, and there have not been many experiments that cruel in the history of civilization, nothing is being left to chance. Every occasion is being cleverly used to demonstrate to people that they can no longer live together. That was the purpose pursued a few days ago with the convoy of the elderly and sick (about 6,000 of them) who were about to travel to Belgrade. The departure of the convoy was several days late, because supposedly first there were not enough buses, then not enough drivers who wanted to drive, and finally no guarantees of safe passage. The potential travelers were exhausted by the uncertainty, mistreated, and left several days without even a cup of tea. The dozen armed "organizers" of this trip also made frequent use of physical force. In the end, it all looked more like a deportation than a convoy of sick refugees who did not bear the least responsibility for what has been happening in Sarajevo for months. For those who barely arrived at this place in salvation buses and for the thousands of people who accompanied them, the message was more than clear—there could not be any life together ever again.

"Sarajevo no longer has anyone to put up the defense against these outpourings of inhumanity," says Zeljko Vukovic. "I have seen with my own eyes that even many Muslims were revolted by the mistreatment of the people in the convoy. At the same time, the Sarajevo media reported the first day that the convoy had left for Belgrade, on the second day they corrected that somewhat and said that there had been some delay, on the third and fourth days they did not even mention the people who spent the night sleeping on the floor of the railroad station. With all the misfortunes which have befallen it, the city has remained almost without its intellectual core. Only here and there can you encounter people who kept their backbone and intellectual integrity during the madness of war. Those who can always cry with just one eye are dominant."

In the weeks to come, Vukovic will try to put his seven-month experience as a war reporter and one of the important witnesses and chroniclers of the dying of Sarajevo into a book in which certain foreign publishers have already shown an interest. Like a majority of the refugees, Zeljko Vukovic set out for the new life which is just beginning with only one bag. From his apartment, destroyed by an artillery shell, on Kosevo Hill, he managed to quickly gather up mainly papers and notes about the war, the "barbecue," and a scrapbook filled with pictures of his 10-year-old daughter whom he has not seen since 1 May this year. Habituated in recent months to the fact that everything else except life is a luxury, out of the next several paychecks from BORBA he will try to save something for a train ticket to

Copenhagen, where his wife and daughter are living at the moment in a refugee camp.

[Box, p 20]

#### People

Many people who once gave this city a specific charm and soul have left Sarajevo in these past months. Monstrous reports have often arrived from those who have remained, from various "reliable sources." Thus, we have read in some places that the well-known Sarajevo writer and film writer, Abdulah Sidran, personally took up a gun and bloodied his hands. "Abdulah is perhaps no longer what he was, but he did not take up a gun," Vukovic told us. He regularly writes columns for OSLO-BODJENJE, and he recently became a professor in the newly established drama department of the School of Dramatic Arts. Similar reports have arrived at one time or another about the once well-known player on the Yugoslav basketball team, Mirza Delibasic. "Mirza," says Zeljko Vukovic, "has long been in Moscow, where he went in connection with the Children's Embassy."

The Belgrade press has occasionally reported many ugly things about Davorin Popovic, who once was a soloist in the group "Indexes," who allegedly became one of the fiercest Ustashi in Sarajevo. "I met him several times and did not notice that Davorin had changed," Vukovic said. Probably the greatest number of lies have been written about the actor, Josip Pejakovic, of whom it is said that as soon as the war began "his great Yugoslavism ran out, and he personally tortured Serbs in the camps, using his dogs for the purpose."

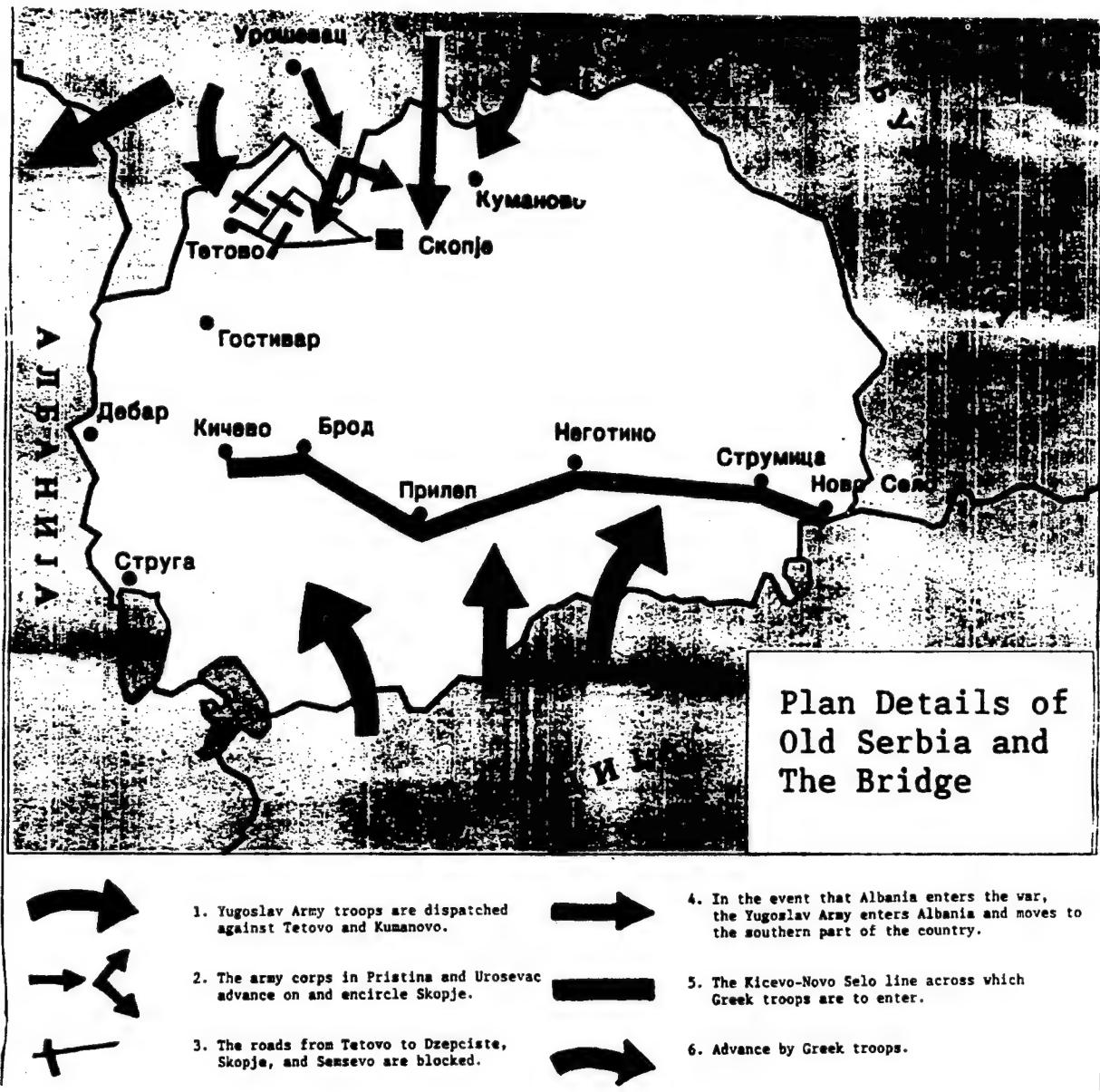
"That is an absolute lie," Vukovic says. "All that is true is that Josip did form his own military unit to protect the cultural monuments of Sarajevo and B-H."

**Serb Plans for Invading Macedonia; Greek Role**  
93BA0309A Skopje PULS in Macedonian 26 Nov 92  
pp 9-10

[Unattributed article: "War Games: Hell Bridge"]

[Text] On 21 November 1992 the respected Slovene daily DELO published secret Serbian documents revealing details of Belgrade's plan for the invasion of Macedonia. The secret documents were published in DELO under the title "A Third Balkan War," and the article was written by Kresimir Meler and Mirjana Glusac. PULS now publishes them in their entirety, as it obtained them in an English translation, through the Macedonian Center for Information and Communications.

Serbian politicians and army commanders will continue their war games, regardless of the fact that the Balkan Peninsula will explode. Hence we must not be surprised by the recent preparations for "pacification" of Kosovo and Macedonia. These plans were drawn up as long as a



year ago and were published in the periodical SLOBODNA DALMACIJA on 2 and 16 January and 23 April 1992.

In view of the fact that last year the situation did not unfold as had been expected by Belgrade, the Third Section of the Yugoslav Armed Forces security services, headed by Milan Miloevic and the chief of the UB (secret police), Nedeljko Boskovic, changed the plans, which are identified by the code name Old Serbia and The Bridge.

The object was to find a pretext for the Serbian invasion of Macedonia. The secret police then came up with the

idea of "spreading Islamic fundamentalism," which had to be stopped. But the problem then arose of how to implement the plan. The security services of the Yugoslav armed forces then decided to do this by provoking ethnic conflicts and by causing unrest in Kosovo, Sandzak, and later also in Macedonia.

In order to accomplish these missions, the security forces decided on intensive arming of the Serbian population in Macedonia, Sandzak, and Kosovo (just as this had been done in Bosnia). They even armed the Albanian population and the Muslims. Albanian ultranationalists were even promised a republic of their own, Ilirida, in the

territory of Macedonia. This phantom country, which (we say this to inform persons not familiar with the name) occupies a large part of western Macedonia, was the idea of the former head of the Yugoslav Army intelligence service and current Serbian defense minister, Marko Negovanovic. He personally assisted in securing money for the secret operations of the intelligence service of the Yugoslav forces (the current Third Security Service of the Yugoslav Armed Forces). Negovanovic's object was destabilization of Macedonia.

However that may be, these are not Serbia's complete plans for Macedonia and Kosovo. The plans go further than this. Serbian military authorities are insisting on generation of a conflict between the legal Macedonian Government and the ethnic Albanian population by heating up the climate of anti-Albanian terror. The Albanians involved have previously collaborated with the Serbian-Yugoslav secret intelligence service, and their files are in the intelligence archives, this making them easy targets for blackmail. They were provided with \$2 million in February of last year, and three weeks ago \$15 million more was transferred to the accounts of the Radioton and Lapi-Turs companies with main offices in Pristina. Money was given to Mersim Polozami and Muhamed Halili, leaders of the Albanian ethnic Party for Democratic Prosperity in Macedonia, and at the same time the main promoters of the phantom country of Ilirida. These persons would like to repeat what is happening in Bosnia. The Serbian plan will accordingly receive the necessary signal from the ethnic Albanians for secession of the territory in which they represent a majority. This will be followed by a request by the Albanian leaders for concessions by the Macedonian authorities, something that will delay recognition of Macedonia. These actions will be followed by a call by the Albanians for an uprising (something that is already happening; the leader of the Ilirida youth organization did just this recently). An Albanian country would thus be established in Macedonian territory. In it would be the cities of Tetovo, Gostivar, Debar, and part of Skopje. The country would have an area of 8,000 square kilometers. The justification for creating such a country is the supposed danger from the Macedonian Government that the Albanian population faces.

Coordinated blocking of the road sections from Tetovo to Dzepiciste, Tetovo to Zelino to Skopje, and Tetovo to Zelino to Semsevo could be very easily accomplished. Incidents would also be provoked between Macedonians and Albanians and with ethnic Serbs in Macedonia. This would induce the Association of Serbs and Montenegrins in Macedonia to seek assistance from the Yugoslav Army, which would intervene formally in order to protect the Serbs. These actions in Macedonia would be paralleled by planned operations in Kosovo and Sandzak. The Albanian masses would be expected to react, and for these reasons Serbian-Yugoslav military forces would be prepared for action in Paracin, Leskovac, Novi Pazar, Prizren, Niksic, Pec, Nisi, and Urosevac. All airfields would have to be in a state of readiness.

The Serbian troops in Kosovska Mitrovica, Prizren, and Djakovica, along with those on the border with Macedonia, Bulgaria, and Albania, would also be in a state of readiness.

Troops will be sent to the Macedonian border towns of Kumanovo and Tetovo. The military commander of these forces is General Miroslav Radmanovic, who is stationed in Pristina. The commander of the air forces is Maj. Gen. Radomir Sekulic.

High-ranking Greek officers recently visited the head of the security administration of the Yugoslav Army, Nedeljko Boskovic, who explained to them that "in the event of war Serbia would agree to Greek military intervention in Macedonia along the line extending from Kicevo through Makedonski Brod to Prilep, Negotino, Strumica, and Novo Selo. Struga would also belong to Greece." Serbian military leaders have signed a pact with Greece in order to prevent, in their words, the creation of a Greater Macedonia or Greater Albania. If Albania were to enter the war, the Yugoslav forces would then have the mission of occupying the Valona to Erseka line and the Sazan (a peninsula making it impossible to control entry into the Adriatic from the Ionian Sea) to Lez to Peskopeja line. Under the agreement, Serbia and Greece are obliged to provide each other with logistic support.

The first and second stages of the Serbian plan have been completed. Very soon after the unrest in Skopje caused by pursuit of black marketeers and cigarette smugglers by the police, the Ilirida youth organization urged Albanians to rebel against the supposed Macedonian "chauvinists." The leader of the PDP [Party for Democratic Prosperity], Nevzat Halili, stated that "Macedonia does not deserve international recognition."

Shortly afterward an attack was launched against the headquarters of the Serbian-Yugoslav Army in Pristina. Miroslav Mlinar, a sentry, was allegedly assaulted by two Albanians. An Albanian, Nasmet Selimi, was found dead near the Grand Hotel and the building housing the newspaper RILINDJA. The other Albanians managed to escape. This incident followed a pattern in that a Yugoslav soldier was stabbed twice from behind. Statements were made to the effect that a staged incident was involved. Serbian-Yugoslav Maj. Gen. Miroslav Radmanovic asserted that "we will employ all available forces to respond to those who attack our soldiers or the Serbian population wherever such an attack may occur, including Macedonia." Gen. Radmanovic's words of warning are very similar to those spoken by Gen. Ratko Mladic and Spiro Nikovic after the Belkovac incident.

The Yugoslav Army presence on the Macedonian borders has increased appreciably in the last month. This army has also hired 200 mercenaries (chiefly Russian and Romanian). Greece has promised Serbia 15,000 special forces for action. The Serbian plan will clearly be put into effect in the near future. The Albanians in Slovenia announced several months ago that the war

would begin in December. The Albanian Army can hardly defend its own country, and any hope that it might be able to help the Albanians in Macedonia is merely an illusion.

The Serbian military forces are at least 15 times larger and stronger, and the other neighboring country, Greece, also is demanding annexation of part of the Albanian territory. Hence it is not difficult to predict that the Balkans will soon explode. And the consequences of such an explosion will involve countries that have not intervened in the conflict.

The Serbian plan contains many threatening scenarios. It urges the leaders of the Albanian ethnic parties to cause incidents, such as the one caused in Skopje. The Serbian plan also calls for the Albanian political leaders to state that these incidents were conceived by the Macedonian Government for the purpose of exerting pressure on the international community to recognize Macedonia. The commander of the Serbian-Yugoslav air corps and anti-aircraft defense in Pristina, Branislav Dasic, is under the command of Gen. Sekulic. The Dasic corps has the mission of keeping the Gnjilane-Brezovica road open, cutting off routes of communication, and proceeding against Skopje. The Urosevac corps will be divided into two units that will encircle Skopje, the Macedonian capital. Another unit is to occupy areas around Tetovo, where the majority population is Albanian. Two tank divisions will move toward the border with Albania and enter enemy territory. In this territory the main body of the military forces is to consolidate and rapidly occupy strategic positions. According to the plan, the estimated enemy personnel losses will amount to 90,000 to 100,000 men, while Serbian losses are expected to be 12,000.

The consequences of such an action are easy to predict. The Balkan powder keg will explode, and the explosion will spread like a chain reaction over a much wider area, with intervention by the Islamic countries to be expected. It is difficult to foresee what the consequences would be for Europe. Serbia has begun production of the M-89 tank and the supergun under English-Iraqi license. But by closing its eyes, ignoring the facts, and postponing military intervention against Serbia, the international community will allow a minor regional conflict to grow into an international war.

#### **Signs of Ljubljana Coming Closer to Belgrade**

*93BA0307C Belgrade POLITIKA in Serbo-Croatian  
19 Nov 92 p 16*

[Article by S. Petrovic: "Is Ljubljana Coming Closer to Belgrade?: Quiet Correspondence"]

[Text] Announcements made by Dr. Dimitrij Rupel that even Slovenia will soften its rigid stance toward the FR [Federal Republic of Yugoslavia], following the first official meetings between representatives of Croatia and the FRY [Federal Republic of Yugoslavia] on normalizing mutual relations.

Maribor, Nov—There is almost no equal to the rivalry between Slovenes and Croats on the international scene. After the first interstate meetings between high-ranking representatives of the Federal Republic of Yugoslavia and the Republic of Croatia in order to regulate their seriously disrupted mutual relations after the disintegration of the former Yugoslavia, the Slovenes reacted quickly in the realization that they are lagging seriously behind in this regard, through a statement by Minister of Foreign Affairs Dimitrij Rupel, in which he said that Ljubljana too must reexamine its relations with Belgrade, and that it is perceptibly softening its previously rigid and unyielding positions in this regard....

Thus, the secret trip to Belgrade by an adviser to the Slovene Ministry of Foreign Affairs, Peter Tos, arranged under the pretext of requesting the assistance of the Government of the FR Yugoslavia concerning the return of 200 Slovenes from the Sarajevo inferno via the territory of the FRY, has been getting unprecedented publicity in Slovenia for days now. In addition, new, increasingly subtle details are being revealed concerning this "courier diplomatic mission" between Ljubljana and Belgrade, placed in the context of Ljubljana's efforts to take decisive steps to inaugurate detente in its relations with what until yesterday was referred to exclusively as "so-called Yugoslavia." One of the most notable commentaries that has been presented on this subject among the Slovene public has been by Maribor's VECER, under the headline "Quiet Correspondence."

In that article, it is seen explicitly that Tos's trip to the capital of the FR Yugoslavia had a much more profound significance than was originally announced. According to the newspaper, he had two important letters with him, one from Kucan to Cosic, and the other sent by Slovene Prime Minister Janez Drnovsek to Milan Panic.

Indeed, the Maribor daily states uneasily, this was a practical response by the Slovene leadership, with a time delay, to Milan Panic concerning his proposal to normalize mutual relations between the FR Yugoslavia and Slovenia after Belgrade's unilateral recognition of Slovenia.

Furthermore, the commentary states quite clearly that Milan Kucan and Janez Drnovsek definitely would not have taken this portentous step on their own initiative without the consent of the Slovene parliament, meaning that Peter Tos's trip to Belgrade was motivated by significantly more pragmatic reasons than the quest for assistance in returning its aforementioned citizens to Slovenia from Bosnia by a secure route through the territory of Yugoslavia.

The fact that there is much more involved here for Ljubljana-Belgrade relations than that simple quest, and thus more than the reports circulated to the effect that

Slovenia wants to intermediate through diplomatic means in resolving the complicated war in Bosnia, is supported by the statement by Milan Kucan, issued immediately after the announcement that something concrete is happening between Slovenia and Yugoslavia, that "this is absolutely not a case of that," even though the basic documents enacted in the Slovene Assembly upon its declaration of independence contain an obligation for the newly formed state to act, as needed, as a factor in this regard as well.

VECER concludes its commentary, which generated exceptionally strong reverberations in the local public, with the words:

"Whatever the case, the open, quiet correspondence between Ljubljana and Belgrade could be a prelude to constructive dialogue between the two states, which without any doubt whatsoever must come eventually anyway. Thus, although the current mail from two key Slovene leaders carried by Peter Tos to high-ranking addressees in Belgrade seemingly concerns refugees, it could also be something more than that. In any event, it is much better to negotiate and talk than to constantly keep our hands crossed."

Finally, we would also note that in this article the Federal Republic of Yugoslavia is not referred to in quotation marks, which also has concrete connotations.

#### **SDP Leader Rules Out War Option for Kosovo**

93BA0295H Belgrade BORBA in Serbo-Croatian  
24 Nov 92 p 14

[Interview with Ljuljeta Pulja Beciri, president of the Social Democratic Party of Kosovo, by Radojica Barjakterovic; place and date not given: "There Will Be No Battle of Kosovo"]

[Text] Kosovo is a powder keg, but there will be no war in Kosovo. It is clear that in advance of the announced elections, in the situation in which Cosic and Panic are gaining support in Serbia, Milosevic can be expected to decide on more radical steps in Kosovo in order to anticipate possible results unfavorable to him. But it is clear to everyone that that would be a broader conflict, which does not suit the international community and which it would not allow because it could not be controlled. Under the pressure of the international community and, above all, the United States, Milosevic will hardly dare to bring something like that about in Kosovo.

If Milosevic should cause a conflict, which is not precluded, intervention, military intervention, would follow by the international community, and that would be the suicidal step. But that will not occur, because the situation in Kosovo cannot be compared to the situation in Bosnia and Croatia before the conflicts broke out. After all, both sides needed war. But our side, the Albanian side, is absolutely against war, said Ljuljeta Pulja Beciri,

president of the Social Democratic Party of Kosovo [SDPK], at the beginning of the interview for BORBA.

#### **Independence Without Traumas**

[Barjakterovic] Nevertheless, there is a current in Kosovo which advocates the war option for resolving the problem.

[Beciri] We have no alternative as far as the peace option is concerned. I am speaking about a rational alternative. It is clear to everyone that freedom cannot be achieved without war, by peaceful resistance, but under these circumstances, I repeat, we are not ready for war. For that matter, solving the problem in that way is unacceptable to the international community, and we very much need the help of the international community. Especially in this situation, when Albania is under great pressure and when it must stand aside even if there should be a conflict in Kosovo. Now, at this moment, that Albania cannot be our true base of support. Even if the response to any provocations would be fatal to us. What would we get by that? There would be ethnic cleansing, a large number of people would suffer, would be driven out, we would have refugees, the horrors of war.... There would, of course, be new borders drawn, and they are in some kind of project concerning the division of Kosovo, and even Albania would be greatly hurt.

[Barjakterovic] Will there be a real Serbian-Albanian dialogue?

[Beciri] There has to be a dialogue. A dialogue can be conducted even when it is evident that the other side has no power at all to change the situation. Just as it is quite clear with Mr. Panic. As far as dialogue with the Serbian regime is concerned, there is abundant evidence that it is impossible to conduct political negotiations with it and achieve any political agreement. The Serbian regime has demonstrated from Slovenia to Macedonia that negotiations cannot be conducted with it. The offer of some kind of dialogue by Mr. Radoman Bozovic to the Albanians is only a continuation of the manifestation of a policy which has ignited war wherever it has put its foot. This is the continuation of a policy of his total political blindness, not only his, but of that entire regime.

[Barjakterovic] What is the status of the protectorate of Kosovo under sponsorship of the United Nations?

[Beciri] We liked very much a study done by a Swedish transnational foundation for peace and future research, whose director is Mr. Oberk. The status of a protectorate would be awarded to us under observation of the United Nations, so as to ensure Kosovo's independence as a new type of state, but without major traumas. That independence would be gained in phases. The idea of a protectorate, which is not new, would be similar to the idea that regulated relations between the colonial states and their colonies. The purpose of setting up a protectorate would be to achieve peace and economic, political, and social

development. That process would not, of course, be overseen by the United Nations alone, but the CSCE and EC would also be involved.

The United Nations would act as mediator in negotiations between the parties toward resolving the problems concerning borders, future relations, but also the problem of reopening the schools, industry, and other social and government institutions. Because everything would be carried out under the sponsorship of the United Nations, Kosovo could not be annexed to any other state. That would be the first item that would have to be respected for a certain time. In the meantime, Kosovo would become a new state, but of a different kind. This would give Serbia a new sense of security, that the Serbs in Kosovo could not be marginalized, turned into some kind of ethnic minority, but that their supervision of historical monuments, which would be proclaimed miniprotectorates of UNESCO, would be completely guaranteed. At the same time, Serbia would get a guarantee that Kosovo would remain independent, demilitarized, and neutral.

[Barjakterevic] Is this the project of an Albanian, or...?

[Beciri] This is not our project, but of that foundation in Sweden. Of course, we also agree with all the points of this project. Serbia would abandon Kosovo de facto and de jure, and (Kosovo) would, of course, have normal and reciprocal relations with it, while from the Kosovo viewpoint this model of a protectorate would guarantee freedom from Serbia. The supervision of the United Nations would, of course, prevent repression in this process.

#### A State of a Different Type

[Barjakterevic] In what sense would Serbia "abandon" Kosovo?

[Beciri] Well, it would abandon it in the sense that this region would, first, be demilitarized. If Serbia insists on its ethnic right in Knin, and the percentage of Serbs in Knin is well-known, if Serbia insists on its ethnic right to a part of Bosnia which it has created by force...if there it insists on its ethnic right and in Kosovo on its historical right—then the thesis about that ethnic right as well as the other one about the historical right, which is anachronistic and unacceptable from the standpoint of resolving a specific problem, cannot survive. But even in historical terms, the Albanians were here even before the Serbs came.

The Serbs from Kosovo would not leave Kosovo, absolutely not. After all, in a state established under sponsorship of the United Nations, one that would have its own constitutions, the Serbs would be a nationality, not an ethnic minority, which is what the present Constitution of the Republic of Kosovo states. Under our Constitution, the Serbs have all the civil, political, and other rights that the Albanian nationality has. That is certain. It is very important that this project, which would lead to an independent state and would be limited in time,

would be monitored by the two interested states, and they are, of course, Albania and Serbia. I do not know how, as you see it, the Serbs would lose Serbia in Kosovo, when Kosovo has had its own status as an independent entity. The Serbs would remain here, but in a state of a new type. The Serbs would not lose Serbia, but the state of Kosovo would be here, on the basis of the right to self-determination.

[Barjakterevic] Is there any more realistic "Yugoslav" option?

[Beciri] To tell you the truth, I do not know, no one knows of any more realistic option. Perhaps there is one, but we in the political parties have not been informed of any Yugoslav options.

[Barjakterevic] Why did the leaders of the Albanians give up "breaking down the Berlin wall over the Prokletije Mountains"?

[Beciri] It is quite clear that the Albanians wanted union, and that desire does exist. It is the desire of everyone to live in one state and to join Albania. But desires are one thing, and political reality is something quite different. The insistence on certain political entities or influential individuals that that is the only solution and we must come out publicly with the demand for annexation to Albania has done nothing but weaken our political positions. After all, this insistence is politically unrealistic and unacceptable to the international community, because the principle of inviolability of borders must be respected. The union of the Albanian nationality must be viewed only in the context of the processes of European integration.

[Barjakterevic] Why are the Albanians boycotting the election?

[Beciri] Recently, there have been political pressures from the international missions on the Albanians to take part in the election. But the political mindset of the Albanians precludes any possibility of resolving problems within the context of the Serbian jurisdiction. To put it mildly, it is absurd to call upon the Albanians to take part in any elections under these circumstances. What moral right is it that requires the Albanians to help bring down Milosevic? How can a segment of the Serbian opposition, which is aware of this situation, ask something like that of the Albanians? I am not referring to the Radicals, but to that opposition which is more democratic.

If by some chance we did agree to talk about taking part in some election, it is not clear to us what we would gain in that case. On the other hand, we think that this policy and this regime came by force and must also leave by force. I am not inclined to believe that it is possible to bring down this regime by legal means. At the same time, if we took part in the election, we would negate the will of the people, the results of the 1991 referendum, we would negate our own elections in May 1992, we would

prejudice the status of Kosovo, and the political parties of Albanians in Kosovo would lose their credibility with the people.

Be that as it may, nothing and no one can bring down this regime, because it has gone so far it has reached the point of no return.

[Box, p 14]

**The Sequence of Moves**

Solving the problem of Kosovo must follow a particular sequence. First of all, there must be insistence on removing the state of emergency. That is the only condition for reducing tensions in some manner. The Albanian side, of course, feels that a beginning should be made to resolve certain specific problems, teaching, the media.... After that and parallel to it, instruments should be furnished for preventing conflicts. Our Albanian state (Albania) has completely altered its approach to the Kosovo problem since democracy was established. This is the real approach and a real policy, of which we earlier could only dream. And that is seeking demilitarization of Kosovo, bringing in peacekeeping forces of the United Nations, and so on. In a word, the opportunity for preventive action is being sought. The third step should be dialogue, that is, negotiations concerning the status of Kosovo. After all, I think that the political mindset of Albanians has reached a level where this is irreversible. Albanians absolutely cannot see a solution to the Kosovo problem within the framework of Serbian jurisdiction. All Albanian political parties are insisting on carrying out the political will of Albanians, which was expressed in the referendum.

[Box, p 14]

**Kosovo Is Lost to the Serbs**

The problem of Kosovo cannot be viewed independently of Bosnia. If that ethnic principle of creating a state of Serbs in Bosnia is recognized, that is actually a de facto state established by force, then I wonder by what principle it is possible to forgive Kosovo? I am convinced that not only a segment of the Serbian public, but even the current Serbian regime, is essentially convinced that Kosovo is lost. After all, Kosovo has a population that is 90 percent Albanian. It is not a question here of any sentiment or any myth about Kosovo, about those historical monuments that exist, and all of that, but it is a question of resources. That is clear to everyone. There is no reason why it should not be clear that Kosovo is lost to the Serbs!

**Peaceful Resolution of Kosovo Issue Urged**

93BA0334B Belgrade BORBA in Serbo-Croatian  
27 Nov 92 p 11

[Interview with Shkellzen Maliqi, member of Main Committee of Social Democratic Party, by Gordana Susa; date and place not given: "Policy of Single Standard"]

[Text] Even without Milosevic things in Kosovo would not change very much, because the opposition is not united on that issue either; even some Serbian nationalists are aware that they cannot hold on to Kosovo, but that it must simply be retained as a bartering chip; Serbs must give non-Serbs in their own state the same things they are seeking for themselves in other states.

"Albanians in Kosovo will not participate in the elections. We do not want to be a rubber stamp. There have been some offers by the Serbian opposition and their emissaries, but Milosevic has done all the preliminary work to block that cooperation. Even now, we simply do not have the technical potential for participating in the 20 December elections. Practically speaking, the Albanians have been placed in a situation where they cannot be cooperative, even though in the case of the elections foreign pressure has been quite strong and everyone who has come to Kosovo has said that we should participate."

These are the words of Shkellzen Maliqi, a member of the Main Committee of the Social Democratic Party in Kosovo, whose recent appearance with a group of Albanian intellectuals at the Youth Center elicited a real sense of shock among part of political public opinion. In an interview with BORBA, he explains in greater detail some of his positions.

**Separation by Agreement**

[Susa] By abstaining from the elections, are the Albanians directly contributing to Milosevic's victory?

[Maliqi] Well, that is a question. Then the sanctions continue to do their work.

[Susa] But the sanctions affect you as well?

[Maliqi] We are aware of that. But we are already in an agonizing situation, one of neither war nor peace. Serbian military control over Kosovo has been extended. The state is functioning only repressively. We are operating under a coercive administration in every sphere of life. In that case, it is up to the Serbian opposition itself to figure out, internally, what it wants. There are plenty of neglected issues and problems, not only in Kosovo, but also in Vojvodina. It is also a problem that we feel that even without Milosevic things would not change very much. At one point it appeared that Milosevic had everyone against him, but then that turned out not to be the case. The attempt at talks between Panic and Rugova did not succeed; there was not a single practical result. Nor is the opposition united on that issue.

[Susa] You believe—you did, after all, say this in public recently at the Youth Center—that your basic goal is separation by agreement. Does this position not promote a further radicalization of relations?

[Maliqi] The Kosovo problem cannot be solved separately from the problems that were inherited from the former Yugoslavia. Wise people, and I am thinking here also of some Serbian nationalists, are aware that they

cannot hold on to Kosovo, but that it must simply be retained as a bartering chip. I am an optimist; I believe that the Bosnian situation cannot be repeated and I think that Europe and the United States can no longer allow the war to spread in a chain reaction. And if it breaks out in Kosovo and Macedonia, then it could easily lead to a Balkan or world war. Right now Serbia is not especially interested in the south, because it has no ethnic foothold there. It is no coincidence that the JNA [Yugoslav People's Army] withdrew from Macedonia without firing a shot. By opening up a southern front, it would risk losing everything that it has already captured. The basic goal of Serbian policy is to extract from the war in Croatia and Bosnia as much as possible for the local Serb population. One-third of the Serbian nation is in Croatia and Bosnia. They will try to hold on to Kosovo by diplomatic means, because they know that they cannot hold it by force or any sort of military intervention. I think that this sort of policy is also being pursued by the U.S. State Department, which is informing Serbia that they must give non-Serbs in their own state the same things that they are seeking for themselves in other states, which is the policy of the single standard. Perhaps now some diplomatic formula will be found for the three constituent entities in Bosnia, and then the opportunity will open for Kosovo to choose independence.

[Susa] What is the basis for your belief that the Kosovo problem can be resolved peacefully?

[Maliqi] The right of the people to self-determination, through peaceful parliamentary means, negotiations.

[Susa] Won't that lead to the creation of a Greater Albania?

[Maliqi] I do not deny that such ideas exist among Kosovo Albanians, and that there are even some parties that advocate, in one way or another, bringing all Albanians together into one state. Current Albanian policy and the majority of Albanian parties in Kosovo feel that right now, and in the future as well, it is very risky to strive for the creation of a Greater Albania. Just take the problem of western Macedonia, where Albanians are in the majority. Macedonia is the most critical region in the Balkans, because there are claims on it by its neighbors. We feel that it must remain integral and become a very important buffer state—a state of balance for Bulgaria, Greece, Albania, and for Serbia. In that sense, it is very important that its internal structure be as good as possible and that it be as stable as possible. The majority of Albanian parties, both in Albania and in Kosovo, have renounced the pretension that the part of Macedonia in which Albanians make up a majority should be included in a common state.

[Susa] You confirm the theory recently put forward by Mahmut Halili in an interview with BORBA that there are certain differences between Albanians in Kosovo and in Macedonia.

[Maliqi] Of course there are. Indeed, just as there are differences between people from Vranje or Vojvodina.

Macedonian Albanians are somewhat more connected to Islam than is the case in Kosovo. Politically, however, there are no major differences.

#### Premature Decisions

[Susa] Nevertheless, you have still not answered the key question—how do you plan to realize your national and political interests without war?

[Maliqi] The biggest problem in resolving the crisis is the militaristic option that is advocated by the Serbian leadership and that used to be advocated by part of the federal leadership. Slovenia's and Croatia's impatience to leave Yugoslavia, even at the price of war, worked in that trend's favor. I would have liked for them to have postponed that decision for a few months, because then, after the disintegration of the Soviet Union, the situation here would have been different, and the militant Yugoslav leadership, which was linked to the putschists, would not have had a base of support. And perhaps the situation would have developed quite differently. Those couple of months could have been one of the great missed opportunities to carry out the breakup through peaceful means. Moreover, it was a big mistake by the world, and perhaps one of Balkan politics as well, that Bosnia-Hercegovina was recognized with the wrong timing and that Karadzic was given the opportunity to begin the war. Perhaps there too more should have been done on time. No one can know with any certainty which one of these variants would have been better, but it seems to me that the Muslim leadership made from an incorrect assessment of its own power to preserve unified B-H [Bosnia-Hercegovina] institutions. I think that a much better variant for the Muslims would have been for B-H to remain within the framework of Yugoslavia for a certain period of time, albeit in a subordinate position. That is precisely what we are doing, and we support that approach in Kosovo. It was a big mistake for the EC not to recognize Macedonia, but to recognize B-H. I think that now they have finally realized that and that they will recognize Macedonia individually, so that even if Greece does not recognize it, that will not have a significant effect on its status.

The mood in Kosovo is such that the only way out in sight is secession by peaceful means. No matter how hopeless the Balkan situation may look right now, it must be resolved relatively quickly. Because what is going on right now is moving toward self-destruction and cannot be endured for long.

[Box, p 11]

#### Intoxication With Nationalism

[Maliqi] The degree of independence of Kosovo is a matter that can be discussed. Some are ready to reenter some sort of federal state. That means that self-determination does not rule out the possibility of unification, and not only unification with Albania, but also the unification of the entire Balkan region. That position is supported by my Social Democratic Party. We think

that the creation of mini-states in the Balkans is a historical process that will not last for long, 20 or 30 years, and that after that we will once again have to return to some form of open borders, a unified market, and that once again vegetables will go from Macedonia to Slovenia....

Right now, unfortunately, the dominant current is the unyielding one, which is pulling certain other values up to the surface. Because they have nothing, no economic potential, no markets, small frustrated nations can only hold their own through national motives. That is not a feature limited to our region. It is happening in all the states of the former East Bloc. With the collapse of communism, that system is being replaced by nationalism and national states. Europe too has undergone that process, and the problem is still present there in states that have not succeeded in coming into being, such as Catalonia or Corsica.

#### Macedonian Premier on 'Radicalization'

93BA0308A Belgrade BORBA in Serbo-Croatian  
21-22 Nov p x

[Interview with Macedonian Premier Branko Crvenkovski by Nadezda Gace]

[Text] *On the territory of the former Yugoslavia some public intrigues do cross firmly defined borders. One of these is about who is the youngest president of a government, is it Branko Crvenkovski, president of the Government of Macedonia, or Milo Djukanovic, president of the Government of Montenegro? Macedonians boast that their president is the youngest, not only on the former Yugoslav-territory but in the world. This charming, modern, American-educated man was 30 just a few days ago. Before taking this unenviable position, he was director of a computer firm, but as they say here, he also introduced the computer to Macedonia. Computers, however, cannot save the Macedonian economy, but perhaps for the sake of the economy it was extremely important that Crvenkovski accepted the job, a belief shared by many of his sympathizers as well as those who do not like him for no reason other than spite. A few months ago, when the so-called government of experts unanimously elected by the Macedonian Assembly, and later unanimously replaced, threatened to bring on a crisis. An opinion prevailed that it was not possible to elect or form a new government. Crvenkovski did not allow a crisis to develop in the government, and above all, did not allow a crisis to take place in the Social-Democratic League, of which he is the president.*

He imposed a tough working-discipline, not sparing either himself or others. According to his close aides, you can often find him in the Cabinet offices late at night or in the early morning hours. He advocates modern management, party motivation, and a readiness to endure, all of which can perhaps bring about some new wind to the tired and exhausted Macedonian economy.

[Gace] We hear that the opposition accuses you of being a communist?

[Crvenkovski] The opposition always uses what it thinks will bring it the most points. For instance, here it plays dangerously on the national ticket of nationalism and anticommunism. But, that is not enough unless they also have valid and strong arguments. Some former communists heal their complexes by spitting on the very same things they used to do, but in the end, what is important, is what our party (the Social-Democratic League) has to offer, and what kind of change it is accomplishing. Soon, it will be evident who is, and who is not, for real change in society. For instance, on the issue of the privatization of socially owned property, on which we are working expeditiously, suddenly those who accuse us of being communists, declare themselves anticommunists, but at the same time, appear to be protecting the workers and say that all this property was created with their sweat, and that privatization is out of the question.

#### Nationalization—A Step Backwards

[Gace] In Slovenia, Croatia, and Serbia, state-capital is the in thing. What do you think about it?

[Crvenkovski] Personally, I think that state-capitalization is a step backwards with regard to socially-owned property. Our concept of the transformation of socially-owned capital was judged by many western organizations as the most liberal. This, at the same time, means also that it involves a great deal of risk since it imposes privatization in a relatively short time.

[Gace] Are you relying on assistance from other countries?

[Crvenkovski] So far, we have received no such help. During this past year, not a single dollar made its way into Macedonia. Since we are not internationally recognized, we have no access to the International Monetary Fund or the World Bank, and thus, cannot get guarantees for credit nor can we get money directly. But, this period has taught us a lesson, and that is, we can rely on our own strength. You know, when Macedonia was going through the decision-making process as to whether it can take the road to independence, many did not give us more than two months. Not only have we been left alone to solve our problems, but others have even hindered our progress by creating additional problems for us.

Of our four borders, two are under blockade—the southern border with Greece and the northern border with Serbia. We lost the market we traditionally had in the former Yugoslavia, but in spite of that, this economy has survived for a whole year. This, however, came at a price—our gross domestic product fell 30 percent, which is a lot. You can imagine how it was reflected in all sectors. In the last several months, we are in a situation where our companies have had to shut down their machinery because they do not have oil. Transportation costs have also increased.

[Gace] How is it possible you do not have oil, when there is so much talk about major acts of smuggling for Serbia through Macedonia?

[Crvenkovski] We are not carrying out any smuggling because we do not have enough even for our own needs. To this day, in spite of the sanctions, transit through Serbia was allowed. When goods arrived from Bulgaria, Turkey, and Greece for, let's say, Bosnia, we had no say in preventing it from going via Macedonia and Serbia. Once we stopped 40 oil trucks at our borders, informed the European Community but were told that we had no right to keep someone else's goods at our borders, so naturally, we lifted the gates. Besides, the main transport of such goods does not go through Macedonia, but rather it goes via the Danube and then across the Serbian-Bulgarian border.

Once we gain international recognition, which we fully expect, we will then become a full-fledged member of the IMF and the World Bank. We now have some nearly completed projects for which we need financial help from abroad. I am not talking about a large sum, Macedonia is a small country and 150 to 200 million dollars would be sufficient to revive our economy. In the meantime, we continue to proceed with some projects ourselves. For instance, we started with the sale of socially-owned apartments. At this moment, 50,000 apartments are up for sale, and this is how the state of Macedonia has realized 500-600 million dollars of healthy money. The next step is businesses. I believe that by the end of the year, the law regarding the transformation of socially-owned companies will be adopted. The issue of this economy's transition into a market oriented economy is a long process, one that can not be done overnight.

## Two Crucial Points

[Gace] Will some of these problems be solved by international recognition?

[Crvenkovski] This is not just a political issue, it also has had heavy repercussions on the economy of Macedonia. Almost everywhere we are on a waiting list. And, much depends on us being internationally recognized.

[Gace] Did the world opt for Macedonia, since Macedonia was the first to have fulfilled all of the conditions for international recognition?

[Crvenkovski] Of the four former Yugoslav republics that entered this procedure, three were involved in war and gained their recognition—Slovenia, Croatia, and Bosnia and Herzegovina, but Macedonia, which has not experienced war, is the only one that has not gained recognition. No one believed us when we said that the Yugoslav National Army (JNA) would leave Macedonia without a single shot, and yet we still did not receive recognition. If Badinter's commission, made up of the presidents from the five constitutional courts of western countries, and who surely know international law, I

mean, if they said that Macedonia should be internationally recognized, then based on all of the principles of justice, we should have received satisfaction. It is obvious, however, that international policy is something else, above all political and economic interests, and this is where we are still fighting a quiet war for international recognition.

[Gace] Could a delay in recognition cause a breaking at the seams since the problems in Macedonia seem to be multiplying?

[Crvenkovski] There are two critical issues. First, international relations, and second, social problems. By delaying international recognition, a larger maneuvering area is being opened for the actions of extremists, both among the Macedonians and among the Albanians. Among the Macedonians, because for them this serves as evidence that this peace-loving democratic policy is not giving the desired results, and therefore, it is wrong. Among the extremists of other nationalities, mainly Albanians, since Macedonia has the largest number of them, there is a chance that they realize some other, secessionist goals. In short, prolonging international recognition will lead to the radicalization of the situation in Macedonia. This, too, contributes to social tensions. Somewhere, these two issues could overlap, one being exploited for the sake of the other. And, for our neighbors, that is the third problem. Some of them believe that precisely because of the prolongation of international recognition the question of Macedonia is left open, and since it is open, different variants enter the game. Thus, the situation in Macedonia is becoming extremely risky.

[Gace] Behind the scenes, there is a great deal of hope expressed that by the end of the year Macedonia will be internationally recognized.

[Crvenkovski] If the Maastricht consensus is to be abandoned, since it is anticipated that it will only decide on the inner affairs of the international community, and if a decision is adopted to recognize Macedonia with only some of the states giving recognition, this would be an important step after which Greece would not be able to use its right of veto. Greece is acting absolutely irrationally on this matter because it is clear, that Macedonia has no territorial claims towards any of its neighbors, and for simple reasons—it has nothing with which to realize such claims. Compared with Greece, we are inferior economically, militarily, and in number of people. In this whole situation, Greece is behaving as a Balkan country rather than as a member of the EC.

[Gace] Is there any anti-Serbian mood in Macedonia, and if so, how strong is it?

[Crvenkovski] There were times when certain political powers were saying just that—that Serbs are our main enemies. This, however, did not attract too many followers. Our basic belief is that we have to maintain good political relations with our neighbors. So far, Macedonia has not made a single nervous move either towards Serbia, or Bulgaria, or Greece. According to the last

census, there are 43,000 Serbs living in Macedonia. A large number left with the Army, but a certain number of officers in the new Army of Yugoslavia have become weekend visitors. They come every Friday since their families continue to live here, and no one is causing any problems for them.

[Gace] There are large discrepancies in the purported number of Serbs. According to some in Serbia, there are as many as 300,000 Serbs living in Macedonia.

[Crvenkovski] If we are going to pay attention to all the different numbers—how many Albanians, how many Serbs, it will appear that there are no Macedonians living in Macedonia. What I hate the most is to auction off numbers, because regardless of the number of this or that community, the rights of all of them have to be respected. We have to respect human rights and freedom according to the European standards, and more than that. As far as the Albanians are concerned, I must say that during the past, they have been seriously wronged, and we cannot correct that immediately. Our Constitution provides guarantees for elementary and high school education in their mother tongue. Our situation has always differed from that in Kosovo, in that here, Albanians could always form their own political parties, and they were almost always represented proportionally in the Assembly. There are 23 of them in the Assembly, the vice president of the parliament is Albanian, they are participating in the coalition government, which is most likely, the first government of a former Yugoslav republic in which a party representing an ethnic minority is a part of the coalition. It would be good for this government to succeed, not only because of Macedonia, but to serve as an example that things can be done in this way.

#### When the Dialogue Ceases

[Gace] You maintain good relations with the opposition in Kosovo, too. Your president met several times with Rugova?

[Crvenkovski] We meet with everyone who wants to talk and negotiate. If the dialogue ends, no one knows what could happen. Our president spoke with Rugova, but he also met twice with official representatives of Serbia, and Mr. Panic was here twice. What is on the peoples' minds here is protecting the peace, no one feels like warring regardless of what nationality he or she is, because they have seen all of the consequences in Bosnia and Herzegovina, and in Croatia. It is human to err, all of us are going to make mistakes either as politicians or as a government, but if we were to repeat the same mistakes from Bosnia, it would mean that we absolutely do not deserve to sit here.

[Gace] What would the recognition of the Federal Republic of Yugoslavia mean to Macedonia?

[Crvenkovski] On Mr. Panic's last visit here, he voiced this and we said that it was a good idea, not only because of the present situation, but also for the future relations

between the two countries. Unfortunately, this has not happened, and even then I told Mr. Panic, that unless he is certain that he could realize the idea as fast as he had announced it, it would be wise for him not to even bring it up in public because that could create even a bigger distrust. I assumed there would be problems, especially among those supporting Milosevic. The one who perhaps has had the most impact was President Cosic who sided with Milosevic, and that was not good, not only for Macedonia but also for Yugoslavia, because Yugoslavia should show Europe and the whole world that it wants to have good relations with its neighbors. With Macedonia, the Federal Republic of Yugoslavia has no disputes.

[Gace] In Serbia there are, however, strong political currents where Macedonia is considered to be southern Serbia?

[Crvenkovski] This is irrational. What I am talking about is what should rationally be done today so we could all have a better tomorrow. I certainly would be far from happy if Seselj were to win the elections but still I think that would be a greater problem for the Serbs than for us. They would be the first to feel the consequences of such a radical and extremist policy, and only then would the neighbors feel the effects.

You know that the Izetbegovic-Gligorov initiative on the federation of sovereign states started here, but it was not accepted in either Belgrade or Zagreb, and that was the last chance for avoiding what has happened in the meantime. Our stand now is to, above all, receive international recognition, and in that respect we are willing to have good relations with everyone, both in the economic and cultural arenas. Macedonia's chance lies in the new Balkan balance which means achieving equally good relations with its neighbors through a policy of equi-distance. This means a policy of equally good relations with all neighbors, thus creating maneuvering space for Macedonia. Simply, we want our neighbors to understand that they, too, would benefit from an independent, sovereign state of Macedonia, and that disruption of that balance could lead to the disruption of the stability of the entire region. I am certain that if there were to be a conflict in Macedonia, it would not remain on a local level, our neighbors have too many interests of their own for them to remain outside the conflict.

[Box, p x]

#### An Interesting Government

[Crvenkovski] This government is very interesting. First, it has two men with the same name—Crvenkovski, who have nothing in common. The vice-president of the government, also a candidate of the reform movement and the Liberal Party—Stevo Crvenkovski, is the son of Krste Crvenkovski. I have no ties to this family, my family is from around Ohrid, and his from Prilep. This government is also interesting because representatives of the minorities also participate in it, not those that the majority of the population elected as morally right, but

those that the minority elected themselves. There are 22 members in this government, and among them, there are five Albanians and one Turk. The parties that stand behind this government have among their members all nationalities—Macedonian, Albanian, Turkish, Romany, and Serbian. On an average, this is a very young government, the youngest among them being the president. It is the first government with two women. And, the first government with a 30 year old very successful private businessman, and who is the president of the Chamber for private capital.

[Gace] What are the future plans, and do you think this government is going to succeed?

[Crvenkovski] When Peter Gosev returned his mandate, he said that he is not a man for one season. I, on the contrary, think that all of us doing this are here for one season. No one can be certain of another mandate, such are the times we live in. What I believe is that this or some other government will realize the global plans, and that Macedonia will receive international recognition and that it will develop a market economy because there is no other alternative. We are either going to succeed in this, or we won't be anymore.

[Box, p x]

#### A Constitutional Difficulty

[Gace] We noticed that the street names in Skoplje have not been changed. There are still streets named for the JNA, and Marshal Tito?

[Crvenkovski] This is because the City Assembly has not met for a whole year. The work of the Assembly has been blocked, and this blockade can be removed only by new elections. However, the decision about new elections can be brought only by the City Assembly which does not function, and this has become a legal and constitutional problem. This is probably one of the risks that accompany democracy. On the subject of changing street names, I do, however, have to say here, that we and the Assembly, when it used to meet, did not approach this subject nervously, as they did in Slovenia, and Croatia, or in Serbia for that matter. After all, some Western countries keep even the monuments of their conquerors.

**FRY Media Ministry on Elections, Serbian TV 93BA0328A Belgrade NIN in Serbo-Croatian 27 Nov 92 pp 16-18**

[Interview with FRY Minister of Information Miodrag Perisic, by Milivoje Glisic; place and date not given: "Bombshells (kasikare) From the Basement"]

[Text] Since the attempts to have the Federal Government overthrown in the Assembly failed, NIN's interlocutor says, several treacherous bombs have been thrown, and one of them is the media interpretation of the government's report on war crimes.

The Federal (Yugoslav) Government is having a disagreement with the Serbia (republic) Government, and the Federal Government's positions are announced and interpreted by Miodrag Perisic. This is the reason for our conversation with him.

Before he became minister of information in Panic's cabinet, this 44-year-old, a philosopher by education, was the secretary of the Ivo Andric Foundation, for many years the chief editor of KNJIZEVNE NOVINE, president of the Serbian PEN center, and an active participant in the life of one of Belgrade's most important addresses, 7 Francuska, the Serbian Writers Association.

Naturally, we first asked Minister Perisic to comment on the elimination of the ban on importing paper for democratically oriented newspapers and on importing television equipment for independent stations.

[Glisic] Is that minimal lifting of the embargo in a specific area an indication of a broader thaw, or just a small, temporary concession until the elections?

[Perisic] Unfortunately, it is a small, temporary measure. In any case I cannot be against the lifting of the embargo in any area, but I think that these specific steps should have been accompanied at least by lifting the restrictions on importing medicine.

[Glisic] Has the importation of television equipment also been permitted?

[Perisic] In spite of the fact that Serbian Radio-Television's [RTS] present informational and ideological monopoly is a very great danger to the people's political and moral health, I think that it is not rational to create a parallel system of television transmitters that would cover the state territory of Serbia and the Federal Republic of Yugoslavia [FRY]. That is not done even in the richest countries.

If one system already exists, then it should be used to allow Studio B's and POLITIKA Television's programs to be seen as well, in accordance with the needs of the democratic public. RTS's leadership is refusing even to talk about the issue of ownership of the system of transmitters. As in other small countries, television has been a national investment. Consequently, the state and then the subscribers invested in the technical facilities of the present RTS. The RTS managers are interpreting the issue of ownership in a vulgarly ideological manner, saying that it is "the property of the state and the people," and identifying the "state and the people" with the membership of the ruling party in Serbia.

Let me go back to the importation of technical equipment. It is good that the ice with which the Security Council has fettered the country is melting somewhere, but it is not good that that thaw is only serving one goal, because this also encourages the citizens' suspicions about the good intentions of those gestures. It is not good

to work exclusively on eliminating our internal blockades. The external ones should also be eliminated.

[Glisic] This may also influence the outcome of the elections. Since we are talking about the elections—who is for whom, and who is against whom? We have an opposition that is divided, we have the regime on the other hand, and we have Dobrica Cosic and Milan Panic, who do not represent any party. So what is going on?

[Perisic] Above all, it should be tacitly clear that it is possible to seek the same political goal, but appear on different electoral lists. After our experience with the elections in December 1990, it is clear that the political and party fragmentation among us has been viewed in the same way that the instrument of "political differentiation" is viewed and used in a one-party, ideological state.

An additional encumbrance is the extremely irresponsible behavior of the ruling party in Serbia. Specifically, its political leadership is replacing its previous ideological monopoly with a dangerous ideological hybrid of ideological and national consciousness. It would be extremely wrong to accept the competition in patriotism that is being imposed by the SPS [Serbian Socialist Party] and its state propaganda machinery. That sort of competition always ends in extremism. Through the statement that Serbia or the Federal Republic of Yugoslavia [FRY] are not at war as a state, the leadership of the SPS, which also rules the state, is trying to conceal the national war mobilization on a basis that is introduced by the hasty ideological judgment that divides citizens into patriots and traitors.

[Glisic] And what does that division result in?

[Perisic] In citizens' not being motivated for positive unity, for gathering around universally accepted values; in encouraging divisions and militant intolerance within that same people; because who is the judge in that dispute? Naturally, the one who caused it.

Because of the war in the former Bosnia-Hercegovina, because of the smoldering war on the territory of the Republic of Serbian Krajina [RSK], the citizens are vulnerable to manipulations of every type. The main "existential" thing, as Kierkegaard would say, is fear. Politicians who manipulate by means of fear, human tragedy, and the fateful threat to an entire people fall into a class of criminals whose crime is worse than a war crime.

That is why it is extremely important to establish a general political agreement on democratic, civil, and historic goals. The parties that are participating in the general elections in the FRY should state what kind of future for the country they advocate, and what kind of political, social, and economic framework they are offering all citizens of today's Yugoslavia. They have to say this without any sort of petty tricks and deceptions.

[Glisic] Then you support the civil option?

[Perisic] In my opinion, all the parties and their leaders will have to answer one apparently simple question: What is the state's role in the life of an individual?

[Glisic] But still, in the next elections, who will be against whom?

[Perisic] With respect to the upcoming elections, I am convinced that to a great extent they will determine the future of a large number of political parties. I repeat: Folklore concepts of politics are still dominant among us, and so it seems that everyone is against everyone else. Rhetorical obligations seem more important than political, social, and moral obligations. The so-called democratic opposition (it is still only a political one, but not democratic *a priori*) is facing the temptation of unachieved power. From the example of the behavior of the SPS leaders, it can be seen that power once achieved is not abandoned, and through a linguistic value analysis it could be determined that they operate much more with allusive threats and blackmail, while from an analysis of the language of opposition leaders it could be seen that they make use of promises and threats (which pertain to the possibility of the existing regime's survival). Speaking honestly, the former are not in a situation to threaten and blackmail, nor do the latter have a reason to promise or threaten. The previous ruling communists left behind a plundered and ruined state and the only possible guarantor of the future state is the citizen of Serbia and Montenegro. Accordingly, the citizen is in a situation in which he can make a choice, and that opportunity has to be honestly ensured for him until the end.

[Glisic] Looking at the parties neutrally, what could be meant, and what would be the consequences of the opposition's abstaining from the elections?

[Perisic] Just as much as it can be said from some theoretical democratic standpoint that the existing conditions for holding the elections are inadequate, it can be practically proven through numerous examples that the conditions are not fair. In spite of this, a party that does not participate in the present elections will not have any political future—I am sure of this. The opinion that citizens will choose between the "Milosevic bloc" (the SPS, the SRS [Serbian Radical Party], and possibly the SDS [Serbian Democratic Party] for Serbia) and the "anti-Milosevic bloc" has become deep-rooted. Unless we cut through things with an ax, as is sometimes necessary in politics, we would have to know that there are major differences within these overall blocs as well. Those differences concern primarily the concept of authority and the practical means of exercising state power, which in my opinion is of secondary importance, and so only then disputes would begin over the creation of the political, legal, economic, and social system, which is of greatest importance. Just look at how the political parties are exhausting themselves over differences in interpreting the past—primarily the civil war—and look at how the party leaders and their entourages are quarreling over who was more or less of a "Bolshevik"!

[Glisic] And the authorities, naturally, are making use of those quarrels?

[Perisic] I am convinced that it is intuitively clear to the vast majority of the population that the present authorities in Serbia have exhausted all their abilities, and that their state and ideological leadership has expended its concept of power. That concept can no longer be rationally defended, but citizens' key confusion is being transferred into the realm of the fantastic—which group will replace which group. I say “the realm of the fantastic” because the citizens are perfectly familiar with both those who are ruling now and those who could possibly come. On the other hand, it is also clear to a large number of people that the Serbian state leadership has also discredited the goals that it projected itself, just as it is clear that individual opposition leaders, through their behavior, have discredited the values that they clearly declared themselves in favor of. Let me repeat an old idea of mine: The excessively close and passionate personal friction between the regime and the opposition has seriously disrupted the positive political and social capacities of both sides.

There is one more serious problem. The present authorities and their disregard for the constitutional and legal framework that they adopted themselves have substantially influenced the criminalization of almost the entire economy and the criminalization of politics. The process of criminalization will have to be decisively blocked through a new project for a democratic and law-governed state. At the same time, this means that that democratic and legal framework would have to guarantee protection from any sort of retaliatory passions because of political allegiance. That would mean that we are facing a serious job of internal political and moral amnesty for the people who are participating in the country's political life.

[Glisic] Your friend Milorad Vucelic, now the general director of RTS, says that he is with the SPS for patriotic reasons. Your direct boss, Mr. Panic, also says that; after that stormy debate in the Federal Assembly, he said on television that he had struggled to stay here and not leave for California, also for patriotic reasons.

[Perisic] “Patriotism” and national feelings are not manipulated anywhere in the world as much as they are here. We have already passed through the experience of an ideological state in which two mutually linked taboos were dominant: the immediate personality of Josip Broz, and the indisputable authority of the communist party. Now it is precisely false patriotism and feelings of national identity that are taboo, to a much higher and more dangerous degree. Today it is enough for individual projects to be challenged from a national and patriotic standpoint, and that project can no longer even be discussed.

[Glisic] Yes, that report by the Federal Government on war crimes was fiercely challenged.

[Perisic] Since all the attempts to have the Federal Government overthrown in the Assembly failed, then

several bombs were also thrown from the basement. One of those treacherous “bombshells [kasikare]” is the media interpretation of that issue. The Yugoslav authorities provided data on war crimes for the first time, and that gesture was immediately challenged. Let me remind you that the process of listing and giving a decent burial to all the victims of genocide from the previous war had not even been finished yet, and a new war started. The previous government and all the participants in that government never raised that issue, but now an action that directly follows from UN Security Council Resolution 780 is promptly challenged.

The scenario of the attack is very banal: First, the issue of the staffing of the working group was raised, because Milan Bulajic did not participate in it. Then Bulajic himself was enthusiastically improper, and publicly stated that fundamental mistakes had been made, and that it should not have been done that way, regardless of critical comments, which are quite certainly possible. An important question comes up, however: When a person is engaged in research on genocide and if all his sources for that research are state ones, is it then morally justifiable for him to publish the facts on genocide in his books, and at the same time chair a state commission that requires absolute impartiality in authorship. We have the example of Hercegovina Bishop Atanasije for a type of moral and monastic dedication. At the risk of offending Mr. Bulajic's feelings, I will state the opinion that in the work of researching the crime of genocide, violations of humanitarian and international military law, a person must not be anything but an anonymous worker. There cannot be any authorship in research on genocide, and copyrights cannot be placed on a people's crime. In misfortune, horror, tragedy, and suffering there is no authorship except a literary one. But as far as I know neither Mr. Bulajic nor the people who challenged the work of the Federal Government's working group through the RTS are engaged in that.

[Glisic] Those who have criticisms said that the Federal Government's report was “soulless.”

[Perisic] Impassioned and paid patriots expressed the criticism that it was a paper without a soul. Behind every paper, however, there is a human life, someone's suffering, the fate of a family; as the late Camil Sijaric could say: “In Bosnia, wherever you turn over a stone, there is a novel.” Naturally, a writer has to be found for each of those novels, and neither the paid patriots nor the federal republic's officials are that. Manipulating the feelings of families who suffered from the war in Bosnia-Hercegovina, manipulating the names of the dead for political purposes, doing it aggressively and even with a sort of joviality without the slightest compassion for other casualties, also means that the aggression against one's own people and its sufferings are made meaningless.

[Glisic] Unfortunately, some careers are also being made out of the general tragedy.

[Perisic] I am extremely disappointed by our present situation, in which it is being demonstrated that someone who has lost an ideology can seek another one in which he will regain a framework for his private career and his private advancement.

[Glisic] We have indirectly mentioned one career already... Vucelic's.

[Perisic] When Milorad Vucelic talks about patriotism, I do not have any reason not to believe him. Nevertheless, I would like him to advocate that patriotism as a universal value and not as a selective standard for formulating a new moral and political suitability, in accordance with his party's criteria. Unfortunately, the media that he controls and that his party controls, more radically, vulgarly, and aggressively, have introduced a criterion for moral and political suitability, but now with respect to the overall division within the same people, which they have divided into the party of traitors and the party of patriots. In my opinion, the quiet people who are bringing convoys of humanitarian aid from Europe are more serious patriots than the people who are declaring their patriotism in the workplaces.

[Glisic] Do you have any contacts with the head of the RTS?

[Perisic] At this time, unfortunately not. We tried several times to arrange a meeting, but it was not held because of my obligations or his. Our lack of contacts today, however, does not mean that I have not remained a loyal friend. With due respect, I want to say that Milorad Vucelic at one time, at STUDENT, KNJIZEVNA REC, and KNJIZEVNE NOVINE, wrote a series of articles that were important for the formation of our democratic public. I would not want to yield to the temptation to make some personal statements, because I have not had an opportunity to clear certain things up with my friend Milorad Vucelic. That, however, does not prevent me from saying that his television news program is mostly bad, and individual people with whom he collaborates are incompetent, bad journalists, false patriots, careerists, and advocates of an ideological civil war.

Our differences at this time are also expressed in the fact that both in previous times, when other directors ruled, and now during Milorad Vucelic's time, I have not had access to the television screen, unless it involves some new wanted poster, as was previously the case. If I were to return to KNJIZEVNE NOVINE by some chance, Milorad Vucelic would always have access there. Because of his long-standing membership in the Belgrade intellectual community, and because of his membership in the Serbian PEN, he ought to follow some higher rules than party rules, which he did not follow when he went to court because of his articles in STUDENT about Josip Broz. With regret that I am saying this publicly, I think that he should be locked up in a room to consider well the heaven above us all and the law that is only binding on him, and then appear before the world with a clean face, as befits him.

[Glisic] Here is a question of a personal nature: Where do you see the correspondence between your former position at KNJIZEVNE NOVINE and that modest office and the minister's armchair today? That is precisely what you are challenging Vucelic for—for being in contradiction with himself, with his own past....

[Perisic] There is no difference between a chair and an armchair. The differences are in people's heads. Metaphorically speaking, I came to the post of minister from the street, and I am ready to go back to the street. Let me remind you that I came at a moment when it was completely clear that it was a temporary post in a transitional government. The criterion for differentiation is contained in one of the most beautiful words that Isidora Sekulic introduced here—the word "service." Someone is willing to serve his people and state, and someone else wants to rule. That is the basic moral criterion for differentiation, for all our future elections.

[Glisic] Nevertheless, how did you feel on the first days after you became a minister?

[Perisic] I am extremely disappointed with the state that I encountered. There is an accurate word that Matija Beckovic uses in private conversations to describe dubious places: pigsty. We encountered a parasitic, incompetent, selfish administration, which has not shared the fate of the increasingly impoverished state and the increasingly more wretched people even at the most difficult moments, in its wages, in its status, or the privileges that it enjoys.

[Glisic] Which state are you thinking of?

[Perisic] When I say state, I am thinking of the administration. For instance, there are people who constitute the mandatory infrastructure of the Federal Government, and who use automobiles for private purposes as if by some inherited right; when they go to cafes, to saunas, or to visit aunts, they are driven by state chauffeurs.

[Glisic] Your ministerial position is sensitive: You are expected to win some battles in the world media that the sluggish and incompetent service of the Republic of Serbia has already lost. What are the relationships now between the federal and republic governments, and between you and the republic minister, Mr. Pavlovic?

[Perisic] We should have cooperative relationships. Mr. Pavlovic, however, is just giving a state framework to the media situation that we have, primarily on radio and television, and much less in the press. Perhaps I can deal with putting out a fire with a cup of water.

Our common job could possibly be to create a better image of us in the world. The way in which Mr. Pavlovic and his ministry are doing it, however, is completely the opposite of the way I see that job, and I am directly appalled by the amount of aggressive ignorance and stupidity with respect to understanding the world community's attitude toward our country and our problems. The moment that we cease to lie, that we cease saying

one thing and doing another, we will recover our reputation in the world without any particular effort to create an image of ourselves.

[Glisic] In conclusion, a question to induce headaches: Kosovo.

[Perisic] That is an extremely serious question. Everyone is verbally in favor of a dialogue, but sets conditions in advance that prevent a dialogue.

People in the Balkans today are talking almost exclusively about things that one does not live by, but rather goals that one dies from. The Serbs are a people who foster a cult of the dead, but that cult should exist in literature, and by no means in politics. We have recently vulgarized that cult and jeopardized the type of collective remembrance from which our culture is built.

#### **Montenegro Political Scene Before Elections**

*93BA0327B Belgrade NIN in Serbo-Croatian 27 Nov 92 pp 22-23*

[Article by Petar Nesic: "King of the Mountain"]

[Text] In Podgorica, no one will even lend you a shovel, complains a small businessman who sells cosmetics, as we travel in the taxi from the airport to the city. He explains to the other passengers that you can "legally" obtain a diesel engine for a Fiat Golf. A man from Niksic says: "People here only drive big cars. My friend bought a Mercedes 260 for 6,000." "Here," says a small businessman from Belgrade, a Montenegrin by origin, "I will give him 8,000 on the spot." As if to himself, the man from Niksic says: "It is a good thing I withdrew my marks from Dafiment." "And who are you?" the small businessman asked me. I confessed. "The newspapers are rotten," the small businessman said. "Yes, they are," the man from Niksic agrees.

That same day, while I was waiting for the JAT [Yugoslav Airline] bus, a taxi driver in Belgrade complained that there are no Albanians anymore in Francuska Street. "Montenegrins, man, all of them!" In Podgorica, the mark sells for 1,000 dinars. A policeman stops the taxi driver in Podgorica. He scolds him roundly because he does not have his picture on his license. The Titograd promenade abounds in slogans (of the Greens, of the Liberal Alliance of Montenegro): "This is not Serbia," "Sovereign Montenegro," "Montenegrin Army." In the duty-free shops in Podgorica, goods are sold for foreign currency. The news of the day on Monday was "belief" in reestablishment of Bar-Bari ferry service. This is anticipated by Miodrag Lekovic, Montenegrin foreign minister, "because this means delivery of goods which are not covered by the embargo and which have been approved in order to mitigate the consequences of the recent floods."

#### **The Constitution**

The citizens of Podgorica refer to the building where the government and the DPS [Democratic Party of Socialists], the incumbent party, have been installed since back in the time of the one-party system as the "two coffins." That is where Svetozar Marovic, general secretary of the DPS, and this author studied passages of Cosic's interview in POLITIKA. Including the one in which the president of the state said: "I have long been convinced that in a modern federation there must be one president of the republic, and that is the president of the FRY [Federal Republic of Yugoslavia]."

Marovic believes that Mr. Cosic is "sincerely devoted to the good of the citizens and must be thinking about their future." "The question referred to," Marovic continues, "has to do with the constitutional character of the country's arrangement. It is important to hear what the present president of the FRY thinks about that." Mildly concerned, Marovic emphasizes that the "FRY is a federal community, and its form as a state is defined by that fact. That is why the actual character of that community should be reflected on more calmly, fully, and comprehensively in some subsequent phase...." Marovic believes that democracy is made up of "habits, customs, and culture of everyday behavior. Here again the experiences of the Republics of Serbia and Montenegro differ." Whereas Momir Bulatovic is a "politician and statesman," Slobodan Milosevic "operates like a leader, his appearances are more charismatic, and the very devotion of the political public to him shows a higher degree of dependence, which is evidence that the president of the republic figures as a national messiah."

He goes on: "The citizens of Serbia will elect their president, and that will be their choice, but since the days of ancient Greece excessively strong personalities have threatened the sense of importance of the freedoms and rights of other citizens. Ostracism was not a punishment, it was a way of preserving the community from people who were too strong and powerful."

Parallel to the election campaign in Montenegro, which is like a "controlled game of king of the mountain," two important political events occurred. The sovereignty of Montenegro was tested in its northern section, and about a month ago a new Montenegrin Constitution was adopted. Ceko "Pljevljak" Dacevic, Seselj's major, is in the "Titograd" jail. The Liberals were not allowed to hold a campaign rally in Bijelo Polje. "Radical Serbian elements" stopped them with weapons at Sljepac Most between Podgorica and Bijelo Polje.

There are differing views of the test of sovereignty in northern Montenegro. According to some, the incidents were organized by the party in power for its own good.

Srdjan Darmanovic, president of the Socialist Party of Montenegro [SPCG], sees the unrest in Pljevlja and the case of Bijelo Polje "either as spontaneous showdowns during the current election campaign or as conflicts imported from Belgrade in view of the fact that members

of the SRS [Serbian Radical Party] and SNO [Serbian National Renewal], that is, the Milosevic-Seselj coalition, took part in those incidents." Darmanovic recalls that something similar happened in Bosnia two or three months before the war began. "Be that as it may, the incumbent DPS in Montenegro, although it did not arrange them, used those events in order to win political points." His party (which is headed by Dr. Ljubica Stankovic, once an associate of Bulatovic) has prepared a slate for the upcoming federal election. Darmanovic: "Our party's opinion about the referendum on 1 March of this year, which created the FRY, has not changed. Even today, just as then, we consider that referendum illegitimate. Because of the conditions under which it was held and because there was no referendum in Serbia. The FRY, created in the form it has today, is a reality. Very important decisions, sometimes crucial to Montenegro, are being made and will be made in the federal parliament, and that is why we feel that we should go to Belgrade and fight for the interests of the citizens of Montenegro."

#### Blocs

And the Constitution, which was passed by the Montenegrin Assembly on 12 October, explains in its preamble that it has been adopted and proclaimed "on the basis of the historical right of the Montenegrin people to their own state, acquired in battles for freedom down through the centuries; on the basis of the devotion of citizens of Montenegro to freedom, democracy, equality between people, and friendship among nations; on the basis of the belief that nature is a source of health, spirituality, and culture of the human species, and the state the custodian of the shrine and cleanliness of nature; on the basis of the decision of the citizens that Montenegro, as a sovereign and equal republic, should continue to live in the joint state of Yugoslavia...."

A Serbian nationalist is struck by the fact that the section of the Constitution which defines the "faiths" refers to the Serbian Orthodox Church as the "orthodox church." The citizens of Montenegro (63 percent Montenegrins, 9 percent Serbs, 6.5 percent Albanians, and 13.5 percent Muslims) do not all think alike on the question of whether it will be Serbian or Montenegrin. Nor has any agreement yet been reached on what the seal and anthem of Montenegro will be.

In the rush of the election campaign, it seems that former alliances are taking on new shapes and that the "Montenegrin bloc" is gaining weight compared to the "Serbian bloc." Time will show what the incumbent DPS thinks about the "nationality question" (another name for the sovereignty of Montenegro); led pragmatically with a likely 35 to 45 percent of the vote, with a possible coalition, it remains in power in Montenegro. Optimists in the ranks of the opposition do not even preclude a "national unity" government. It is assumed that the second strongest is the LSCG [Liberal Party of Montenegro] with 10 to 15 percent of the vote (there have not been many sound polls in Montenegro, except perhaps

the unpublished one done by the Belgrade agency Partner to meet the needs of the incumbent party).

#### Partner

Although it has not yet been made official, it is certain that Momir Bulatovic will run for president. Also Branko Kostic ("roots"), the surprise of the election season. Formally a member of the DPS, he is the favorite of the Association of Veterans of the last war. As for others, time will tell.

"I know that Milo Djukanovic will not run in the next election. He will leave politics and will move to Cyprus, he has saved up some money to start a business," NIN was told by Miodrag Vlahovic, the second man in the LSCG, who is responsible for foreign relations in that party.

Radomir "Raco" Sekulic, manager in the government Agency for Restructuring and Foreign Investments, is an optimist (he speaks Italian and French): "We had a wave of great interest on the part of foreign investors just before the sanctions. This coincided with our opening up to the outside world by proclaiming Montenegro an environmental oasis and with Europe's search for new places in which to invest capital. In the tourist sector, there are prospects of contracts worth about \$3 million (capital investment projects). It was above all the Americans and English who wanted to invest money. Foreigners have also been showing great interest in labor-intensive industries (leather, textiles, the furniture industry), most of all the Italians, Spaniards, and English."

Mr. Raco Sekulic recently attended a conference "organized in southern Italy." The topic: "Changes in East Europe and European Cooperation," and his paper "awakened exceptional interest." "Everything must be done to get the sanctions lifted," Raco Sekulic believes.

#### The Culprit

According to a poll of the Student Forum (MONITOR, 20 November 1992) that included 146 citizens of Montenegro questioned over the telephone, 57.35 percent favored a "sovereign Montenegro if that would mean removal of the sanctions."

Mr. Svetozar Marovic says that the departure of the present Montenegrin government is not a precondition for removal of the sanctions: "From meetings and contacts with foreign state and political delegations, we do not have that information, nor individual proposals to the effect that such a move could contribute to removal of the sanctions toward Yugoslavia. At the same time, we do know that such initiatives have been sent directly to the president of the Republic of Serbia."

Srdjan Darmanovic believes that this is the case, not because the sins of the Montenegrin leadership are less, but "because Serbia has the power to set the Balkans on fire, and Montenegro does not."

Which brings us to the question which, it seems, is bothering the citizens of Montenegro more and more: With Serbia or without it? To tell the truth, it can be asserted with a bit of caution that the participants in the current "disagreement" between Serbia and Montenegro, as a constituent element of a specific federation, are Montenegrins—in the government in Belgrade and Podgorica. Marovic comments on this as follows: "Perhaps the Montenegrin mental makeup is more inclined toward more decisive wording, which could contribute to a mistaken idea about decisive influence on the formation of the public attitude toward Montenegro in Serbia. It is obvious that Montenegrins have a very respected and important place in shaping policy in Serbia.... The citizens of Serbia and Montenegro will nevertheless decide which political orientation will have more power in a particular period."

Srdjan Darmanovic, unlike Svetozar Marovic, is convinced that the FRY is being broken up by those who created it. After all, "that state was not created democratically, but by an agreement between the two incumbent parties, on the basis of interests which were not exactly elevated. By the attempt to gain something and stay in power by maintaining international continuity in the international community. It is therefore logical that Milosevic should be breaking up that same state (take the federal police building as an example) as soon as the policy of the federal government no longer suits him or jeopardizes him in his government."

#### Citrus Fruit

And while the Montenegrin political parties stubbornly insist on repeating the referendum on the union with Serbia under more democratic conditions, Dr. Mitar Cvorovic, until recently a subordinate of Dr. Novak Kilibarda, and now the leader of the People's Democratic Party [NDS], looks at a map of the SFRY and says: "Aside from religion, culture, and a glorious and tragic history, Serbia and Montenegro are also linked by strategic and economic interests. The highways and railroads run through Serbia, it is a fantastic benefit for Montenegro to have such a large market in its hinterland. Montenegro gives Serbia an outlet to the sea. Only someone who does not have it knows what the sea means...."

The Montenegrins, according to Cvorovic, are Serbs just like the Serbians, Hercegovinians, those from Sumadija and those from Lika. The people from the Liberal Alliance of Montenegro do not remain indifferent when they hear this, to put it mildly. Miodrag Vlahovic, the foreign policy representative of that party we have already mentioned, says: "The border between Serbia and Montenegro should be a line dividing jurisdictions, not a deep trench or high wall which cannot be jumped over." He casually declared: "The Montenegrin nation exists. Period." According to Vlahovic, "every Montenegrin is hurt to be accused of being anti-Serb or anti-Croat." He has been in contact with representatives of the United States and the countries of West Europe. The

principal motive: internationalization of the Montenegrin question. He says that he has met with understanding. In Vlahovic's opinion, once again, "the current leadership of Montenegro favors a sovereign Montenegro if that guarantees them that they will stay in power and if they judge that achievement of that project is possible without any risk to them in the political and every other sense."

Vlahovic is, of course, a Montenegrin. His own brother is a Serb. Makes sense.

#### Issue of RSK Elections Examined

*93BA0327A Belgrade NIN in Serbo-Croatian 27 Nov 92 p 14*

[Article by Nenad Petrovic: "Echo From the Parent Country"]

[Text] When will the elections be held in the RSK [Serbian Republic Krajina]? The authorities are announcing a time frame that can be stretched—the end of this year or the beginning of next year, while Dr. Milan Babic, president of the Krajina SDS [Serbian Democratic Party], is insisting that the elections be held as soon as possible. He presented his arguments in a letter recently sent to party leaders in Serbia, and in first place is the need for the government in Krajina to gain through the elections the legitimacy on which international advancement of the political interests of the RSK would be based, and, on the internal scene, overcoming the present chaotic situation. At the same time, Mile Paspalj, president of the Krajina Assembly, is insisting on the position that the elections need to be prepared, although the election procedure and the choice of the Krajina voters are not in doubt.

In Krajina, the election topic has been pushed into the background in recent days most of all because of the newsworthiness of the visit to Krajina of Cyrus Vance and David Owen, cochairmen of the Peace Conference, that is, thanks to their statements and the tragic consequences of the attack of the Croatian terrorists in the south of Krajina. However, it is quite certain that the period immediately ahead will be marked by election fever, because, regardless of the differing announcements and dilemmas, the election is approaching inexorably.

Although the endeavors of the Krajina Government to thoroughly prepare the elections cannot be objected to in principle, the fact remains that little has been done up to now. The majority principle has been accepted, and the future Assembly is to have 90 deputies (the same as the number of election units), but the package of election laws adopted back in late September did not even contain a bill on election units. That same session rejected the proposal of a group of deputies on behalf of the Krajina SDS, and the period of 15 days for making the decision on calling an election was not honored. In his statements, Mile Paspalj said that the proposed election law of the Krajina SDS imposed a distribution

of election units in places where Babic has more support. He also issued a reproach to opstinas "which are insisting on elections, but in the stated period have not filed voter lists, so that elections cannot be called," which he relates to the intentions of people around Babic to create in Krajina citizens a distrust of the government and to provoke uprisings in Krajina.

#### Ties to Serbia

In a statement made for NIN, Milan Babic calls these assertions by the representative of the RSK Government "nonsense."

"They are playing into Croatia's hands if they call the elections early next year, because that is when elections to općinas and parishes will also be held in Croatia. By holding elections at approximately the same time as in Serbia and Montenegro, we would show our unity, and Krajina would finally get legitimate bodies of government from the opstinas, some of which do not have duly constituted bodies of government, to the RSK Assembly. It is from these opstinas that most of the pressure has come for holding an election, and right now a majority of deputies of the RSK Assembly are signing a request to its president to call elections by the end of the year," Babic says.

The tale of Krajina elections also raises the question of their dependence on elections in Serbia. That is, it is not precluded that the Krajina Government is calculating on holding elections in Krajina after the elections in Serbia at any price. If the regime in Serbia stays in power, the elections could immediately be called in Krajina, with realistic expectations that past support of Milosevic's policy would be repaid with media support of the present Krajina leaders, especially with respect to TV Serbia, just as was the case when they took the Krajina helm away from Babic and his political followers. In case the opposition in Serbia takes power, the government here could procrastinate in holding elections, justifying this on grounds of a formal nature, just as it is doing now.

In any case, there is some "secret connection" between elections in Serbia and Krajina. Babic in fact referred to it indirectly by addressing party leaders in Serbia, including Slobodan Milosevic, president of the SPS [Serbian Socialist Party]. Babic answered the question of why he called upon the leader of the SPS to influence the holding of the election in Krajina before the end of this year by asserting that the regime in Serbia has great influence on the Krajina Government.

"I think that the RSK Government is directly dependent on Belgrade," Babic said.

#### More and More Interested Parties

As a matter of fact, the representatives of the Krajina Government do not even conceal that. They have elevated direct support of Milosevic to the level, said to be based on principle, of supporting a policy "in the interest

of Serbism and preservation of Krajina." It is interesting, however, that Babic's message has been given publicity even on the news programs of TV Serbia on which Babic has been mentioned only in a negative context since his break with Milosevic. Along with Babic's inclusion of Milosevic on the list of Serbian politicians to whom he sent that message, this evoked comments in Krajina political circles that they may be getting back together again.

Babic says that he does not want to comment on those stories, and that in sending the message to politicians in Serbia he was guided by the fact that as president of the Krajina SDS he must be mindful of the opinions and views of all relevant political factors in Serbia concerning Krajina and resolution of the entire Serbian question.

Finally, the interdependence of elections in Krajina and Serbia might also have other connotations. There is some reason to suppose that under influence of the regime in Serbia the Krajina Government has committed itself to a tactic of uncertainty about the elections, but for the reason that a new Krajina administration, which would be headed by Babic according to most predictions, might have an influence on the decisions of voters in Serbia. In this present situation, the regime in Serbia can count on support of the Krajina Government without hindrance and by advancing ethnic demands in the campaign can get the votes of people from Krajina in Serbia, whose number is not negligible when we realize, for example, that in Belgrade and vicinity there are about 40,000 people from Knin who have moved here at various times since World War II.

The opposition leaders have also sensed this game, and all of a sudden they can talk of nothing else but the "Serbian krajinas" and promises of a "pan-Serb alliance," which even Vuk Draskovic could not resist, although before that he had suddenly become a "man of Sumadija." The use/abuse of Krajina for election purposes in Serbia is continuing. Nor has there been any interruption in its political use/abuse.

#### Documents on Czech Weapons for Croatia

93BA0300A Belgrade VREME in Serbo-Croatian  
23 Nov 92 pp 30-31

[Article by Milos Vasic: "Arms Trade: The Czech Connection"]

[Text] In September and October of last year, the Republic of Croatia began a panic buying of arms: from anyone, price and quality no object. Some of those operations were skillful and effective, but many more of them were amateurish, awkward, and desperate. Enveloped in a veil of secrecy—the embargo of the European Community on deliveries of arms and military equipment to Yugoslavia took effect in late September—the arms purchases became a gold mine for all kinds of international and domestic artists. Merchants hiked up their prices, middlemen collected commissions, and the

domestic importers assisted them both by agreeing not to haggle and not to seek other suppliers if they got a kickback discretely diverted to a bank account in Switzerland or on Cyprus. The survival of the nation was at issue: Taxpayers and foreign exchange savings depositors whose money was spent were never asked anything by anyone; and government officials, generals, technical consultants, and international wheeler-dealers got their percentage one way or another. War is great for some people, as the popular saying goes; this applies to all our states that are at war.

#### Clients of the Firm Machina

Everyone knows about the Singapore, Hungarian, German, Austrian, Polish, or South African connections through which Croatia has been purchasing arms. The Czechoslovak angle has remained relatively hidden, although even in the late summer of 1990 the Croatian MUP [Ministry of Internal Affairs] imported the first lot of several thousand very high-quality CZ-75 pistols from the Czechoslovak Republic. That import transaction was legal and beyond dispute, although the shipment was blocked for a time. What is known is that a successful and quiet trade did occur between Prague and Zagreb during the entire autumn of 1991 and winter of 1991-92. One of the firms involved in that trade is Machina A.S., a joint Swedish-Czech company with headquarters in Prague and Upsala. Its manager, Stjepan Udovic, is a Swedish citizen of Yugoslav origin, a sociologist at one time quite close to the School of "Humanist Marxists" gathered around the journal PRAXIS, and a frequent guest of the Korcula Summer School of Philosophy in the early seventies. VREME has obtained several documents which illustrate some of the transactions of the company Machina A.S. in connection with Croatian purchases of arms from the Czechoslovak Republic.

Those documents are illustrative in two ways: They indicate the somewhat chaotic demands of the Croatian side and the undoubted readiness of the Czech merchants to fleece their customers with their prices. Let us take them in order: 22 October 1991. Machina A.S. presents a bill for the sale of one complete Strela 2M antiaircraft missile (launching module and three missiles) and four Malyutka antitank missiles. The bill is made out to Ante Simic of the ZNG [National Guard Corps] in Rijeka, Republic of Croatia. The prices are interesting: The set of missile equipment cost the people in Rijeka 45,300 German marks [DM], and the four Malyutkas—DM43,000. The seller is the Machina firm itself, and the prices, in the judgment of people experienced in this business—are exorbitant. That is, one of the best-quality antitank missiles today, the U.S. TOW, can be purchased for \$3,000-4,000; that is what the merchants paid for them during the Irangate operation, and then they sold them to Iran for \$13,800 apiece. The supply of Malyutkas, Strelas, and other weapons systems from the arsenal of the former Warsaw Pact has been immense for now the third year, and the prices are ridiculously low—at the source and wholesale.

It is, of course, the business of the Croatian Government how much it thinks it has to pay a Czech merchant for something; it is the business of its purchasing department to check whether its middlemen are taking a bigger cut than is decent or necessary to maintain the network, and it is the business of the police, the Croatian Assembly, and taxpayers, whose money is being used, to see that there is no corruption or enrichment of individuals in this business.

But there have been opportunities for getting rich: Asked to comment on the documents which VREME had obtained, Mr. Stjepan Udovic of the firm Machina A.S. did not conceal his embarrassment; he interprets the bill to the Rijeka ZNG this way: "A friend asked me for a blank bill so that a friend of his could cover a shortage in the warehouses. I sent him that, and I see that I have been deceived." If someone used a blank bill to cover a "warehouse shortage" of DM88,800, then the Croatian authorities ought to be worried.

#### How Much Do Things Cost?

The other documents are equally instructive. One of them—to put it mildly—is unusual: This is a contract in which Mr. Udovic is supposed to receive the amount of \$30,000 from the Croatian Defense Ministry "for the purpose of obtaining an End User Certificata (sic) and to initiate the procedure for purchasing the necessary goods." The contract was signed by Mr. Udovic in his own name and by Messrs. Mirko Zuzic and Davor Grcevic obviously—from what it says—in the name of the Defense Ministry. The End User Certificate [in English in the original] is the key document in the international arms trade; it constitutes the customer's commitment that the arms will remain with him and will not be forwarded to third parties; there is no international commercial trade without such a certificate, because it guarantees that possible prohibitions and embargoes are being honored. It is well-known that End User Certificates have recently become more expensive on the black market (mainly they can be purchased from government agencies of the nonaligned countries and the poorer distant countries): There have been examples when as much as \$130,000 have been paid (Burkina Faso, for certain Polish-German suppliers of Croatia).

Mr. Stjepan Udovic has told VREME that Messrs. Zuzic and Grcevic were private operators with no money and that they wanted to make a profit; he adds, however, that the "Czechs knew that the arms were going to Croatia, but the political line was to exempt Croatia from the EC embargo," and so they looked for a transaction with an indisputable certificate; the entire affair ended with the two men going back home without getting the job done, and the certificate was purchased from Nigeria in the end (as VREME has learned from another source).... The flow of arms has not been interrupted, they all knew how and for whom the arms were being exported, everything was promptly paid for, and the Czech Republic is at

peace (so is Slovakia, of which Mr. Udovic says that it has been exporting for fair, but on its own and bypassing Prague).

The next two documents are interesting when taken together. The first is a shopping list (wish list) of which Mr. Udovic says that he received in an unclear Fax from Croatia and he had to retype it. It asked for prices and terms for the purchase of immense amounts of armament: some 20,000 RPG-7 antitank bazookas; 50,000 automatic rifles and 50 million rounds of ammunition; 40,000 Scorpion submachine guns and 400 million (possible mistake!) rounds of ammunition; Strela and SA-2 antiaircraft missiles (1,000); CZ-75 and -85 pistols (10,000 of them, along with one million rounds of ammunition); hand grenades, mines, etc. The date is 6 November 1991, and Mr. Udovic says of this list that he negotiated with Omnipol, the principal Czechoslovak firm for the exporting of arms, but that they "did not understand very well" (it is a fact that the list is chaotic, vague in nomenclature, and was drawn up by an amateur).

The other document is dated 7 November 1991: an offer to Stjepan Udovic from the firm Unimpex following a meeting in which negotiations took place. The differences in prices between the two lists are interesting: Now the RPG-7 bazookas cost (Unimpex) \$640 each; RPG-75—\$520 (FOB Budapest); on the original order, they were figured at \$450 and \$260, respectively. The Strela 2 and 3 and Igla antiaircraft missiles keep up the pace: \$18,000, \$25,000 and over, \$50,000, respectively (FOB Sofia). Here, Unimpex figures as a middleman, because the letter speaks about "our supplier"; if the prices are billed FOB Budapest and Sofia, it does not take much imagination to figure out who the supplier is. Or, as they say on the street in Belgrade—as long as there are sheep, wool will be made into cloth....

**FRY, Serbian MUP Dispute in Court Continues**  
*93BA0295D Belgrade BORBA in Serbo-Croatian*  
*24 Nov 92 p 9*

[Article by J. Floric and B.O. Ilic: "A Veil of Secrecy as to Who Gave the Order"]

[Text] Belgrade—Who gave the order on 18 October for members of the republic MUP [Ministry of Internal Affairs] to move into the building of the federal MUP at No. 2 Knez Milos Street is an official secret. This has been asserted by Obrad Stevanovic, main inspector of the Serbian MUP, a man who directed the action of taking over the premises of the federal police. Before Judge Vida Petrovic Skero, in regular proceedings based on the complaint of the state of the FRY [Federal Republic of Yugoslavia], he testified yesterday about everything that preceded and everything that happened in resolving the dispute in "property law" between the two police organizations.

According to him, and the same was heard earlier from a representative of the Serbian MUP, which is the defendant, it was a question of reinforcing the "inadequate security" of the building in question.

"On Saturday evening, 17 October, my superiors told me to make an inspection of that facility. I am informed that this is the property of the republic MUP, that employees of both police organizations work in it, but that it is not well-guarded. I drew up a plan at the time which included the introduction of strengthened security measures, that is, a larger number of people and different equipment. The next day, I issued instructions as to what should be undertaken and how," Obrad Stevanovic said.

According to the testimony of the person who supervised the action, it called for inspecting all places envisaged for security and for people from the republic MUP remaining at them. The employees of the Serbian police had instructions not to hinder their federal counterparts in deciding whether or not they would stay. Later, Stevanovic said, he was informed unofficially that some policemen estimated in the specific situation that it was necessary to disarm their counterparts nonviolently, although they were not given such an order.

In answer to the judge's question as to whether he had informed the federal MUP about his task, in view of the judgment that there was not sufficient security, Stevanovic replied that he had not done so "because that was not my job," but he did do so to the employees of the federal MUP he found there, "whom I called into a joint meeting so that they would not be misinformed."

At that time, all offices covered by the special regime, including the office of the federal minister Pavle Bulatovic, were sealed, while the rest were locked. According to this witness, the offices were sealed because of the importance of the office and documents of "particular importance." The next day, Minister Bulatovic came, Stevanovic said, entered without a pass, but he did not ask for his office to be unsealed.

Who set up the barriers in the disputed areas of the building and why was a question asked by the counsel of the state of the FRY, the federal solicitor general.

"They were set up on my order on behalf of complete security. That is," Stevanovic said, "I had information that employees of the federal MUP were working in Wing E, and I felt that it was indispensable in case of possible inadequate security." In response to the judge's question as to how many people took part in the action, his answer was that there were 10 people involved in external security and about 35 in internal security, while today 30 people in all are employed at that job.

The second witness interrogated in yesterday's session was Bojislav Cvetkovic, who was first an employee of the republic police, and then moved over to the federal police, and then after the event in dispute returned to his original employment.

He told how it came about that some of the employees of the republic MUP moved into the communications center, which took place back in June. According to the earlier testimony, work in that center was done by both federal and republic MUP employees, but under supervision of an officer from the federal police. He reported this, he said, to Pavle Bulatovic, federal minister of internal affairs, but to this day no official act was adopted on official formation of a joint department. After the building was taken, as far as his sector is concerned, about 90 percent of the members of the federal police transferred to the republic MUP. At the moment, no one in Wing D remains who is still employed in the federal MUP.

The trial continues on 8 December.

**[Box, p 9]**

**Moving Out Today at 1100 Hours**

Unless something changes this morning or some new legal snag is found, the officers of the court will be forced, even with the use of force, to make it possible for the temporary court measure—for the federal MUP to move out—to be executed. The execution is scheduled for today at 1100 hours.

**Turkish Party Leader in Macedonia Interviewed**

*93BA0259A Skopje NOVA MAKEDONIJA  
in Macedonian 14 Nov 92 p 13*

[Article including interview with Erdogan Sarac, chairman of the Democratic Turkish Party, by Jasmina Mironski; place and date not given: "The Future Lies in Unity"]

*[Text] While there are those who try to turn Macedonia into a single-nation state, others openly display separatist ambitions. We believe that it is a priority matter for us to participate in the government.*

In its latest appeals to the public and to the highest Macedonian leadership, the Turkish Democratic Party includes a number of remarks concerning the attitude toward that ethnic group in the Republic. We discussed the status of the Turks in Macedonia, their participation in sociopolitical life, their (dis)satisfaction with the educational system, and other problems that affect Turks on a daily basis, according to what they say, with party chairman Erdogan Sarac.

Let us also note that according to the latest population census of 1991 and the data of the Macedonian Republic Statistical Institute, 97,416 Turks live in Macedonia, or 4.79 percent of the total population. After the Albanians, they are the largest Macedonian minority group. In all there are 56 schools in the Republic offering training in the Turkish language in 7,277 school classes.

*[Mironski] For the first time open dissatisfaction is expressed by the Turks about their status in the Republic and the breakups of relations between Turks and Macedonians. In your view, what is the cause for this?*

[Sarac] It may be that our dissatisfaction is misunderstood. We do not consider this to be a problem between Macedonians and Turks but, above all, an issue related to the defense of the rights and freedoms of Macedonian citizens. Our patience has come to an end and, as a party, we sincerely expect and are interested in the settling of interethnic relations in the Republic which, in fact, is in its interest. We, Turks, believe that the future of Macedonia lies in unity, which leads to happiness. That is precisely why we are trying to develop an atmosphere, a climate for a civil society in which, regardless of ethnic, religious, or political affiliation, all rights and freedoms would be exercised, as stipulated in the Constitution. Although we did not participate in the drafting of the Constitution, and although some of its articles are restrictive, it is a well-known fact that we support it. Our remark is that there are those who try to turn Macedonia into a one-nation state, while others openly display ambitions of separatism or the federalizing of Macedonia. We have no such ambitions. We support a civil, sovereign, and independent Macedonia, for which reason we find it difficult to accept that in the course of present activities, toward which we believe to have shown knowledge and understanding of all things which are developing here, unfortunately the authorities have not adopted a similar approach to the problems which we encounter on a daily basis.

**Wrong Policy**

*[Mironski] You have also remarked the following: "Problems cannot be resolved exclusively between Macedonians and Albanians, for Macedonia also has Turks, Gypsies, Wallachians, Serbs...." Does this mean that you are pointing out that Albanians are being given a different treatment compared to other ethnic groups in the Republic?*

[Sarac] I believe that it is more than obvious that the policy which was being practiced at that time was wrong because the partnership included only the Albanians. We have been excluded from sociopolitical life, for which reason our voice is not heard anywhere. I therefore believe that both the public in Macedonia and throughout the world is not sufficiently familiar with the protection of civil rights and freedoms and it would be proper to hear what the other members of ethnic groups in Macedonia think concerning Macedonia and the problems which, let us say, currently exist between Macedonians and Albanians.

*[Mironski] Immediately after the announcement was made in Turkish in Debarska Zuva, an announcement was received from the Cultural and Scientific Association of Muslim Macedonians, which stated that you were voicing untruths and lies against the Macedonian state concerning demands by students who would like to pursue their studies in the Macedonian language.*

*[Sarac] I respect the right of any citizen to state what he stands for. This is a personal right guaranteed by international standards and laws. It is the personal right of*

anyone to declare his national identity. For decades some citizens have declared themselves to be Turks and, naturally, we respect declarations by Muslim Macedonians. However, we also know that this is a vestige from the time of single-mindedness. Unfortunately, a certain number of Macedonians are unwilling to accept the existence of Muslim Macedonians. I believe that in this case no topic should be considered taboo. These are open issues which demand a serious approach and a resolution in favor of the citizens and not of the higher interests of the state. No national identity or faith can be changed for force, repression, or politics. We are dealing here with a segment of the population toward which one should show understanding and which should be given the possibility of attending school in the language it wants, as well as the duty to respect the constitutional principles. Whether it likes it or not, one day the state will have to recognize this right.

[Mironski] We know that not so long ago the population around Debar most frequently identified itself as Torbesi, which described their specific feature of speaking Macedonian but practicing Islam. Do you think that the children should learn Turkish if they are unfamiliar with the language?

[Sarac] We know that until 1951 children belonging to the most noted Turkish families went to Albanian-language schools although they did not know Albanian. Where was the state at that time? Consistent with the policy practiced at that time, which was to add Albania as the seventh republic of the then Federative Republic of Yugoslavia, it was announced that there are no Turks in western Macedonia and the children went to Albanian-language schools. After relations were established with the then USSR, the existence of Turkish people was recognized. I also ask where was the state when large numbers belonging to that segment of the population was emigrating to Turkey. At that time no one raised the issue of knowledge of the language. Turkey accepted them because it considered them Turks and, in my view, Macedonia let them go for the same reason. Whenever such problems have existed, the Turks have always considered emigration a solution, without disrupting domestic peace in Macedonia. To this day, if you go to Turkey, you would see that many of those who moved there at that time still consider Macedonia their homeland and are prepared to help it, unlike those who work against its interests from abroad.

#### Isolated From Overall Life

[Mironski] You said that if issues are not settled by 13 November, particularly the priority demands, on 16 November you intend to hold a meeting in front of the Macedonian Assembly. Do you think that this would accelerate the satisfaction of some of your demands?

[Sarac] Let me enumerate only the demands that do not brook any postponement in their resolution. Above all, this applies to the possibility of co-opting one Turkish member in all Assembly commissions. Obviously,

according to the electoral law and the electoral districts we were unable to participate in the work of the parliament. However, in the government and the other institutions within the system ordinary Turkish citizens have been employed.

We demand most urgently the opening of classes in the Turkish language in eastern Macedonia, from the fifth to the eighth grades. If Macedonia continues to believe that the Republic will need shepherds and grape pickers, let us openly tell you that we will not agree to such a policy. The Turks in those areas live in a type of ghetto, totally isolated from life and are in social difficulty. It is very important for us for the issue of training to be resolved as stipulated; the children should attend school in their native tongue until the eighth grade and, subsequently, depending on possibilities, should the law permit it, to attend private schools.

We also seriously demand that the issue of the 3,000 children who are boycotting the schools in Debarska Zuva, of which the state is totally unaware, be considered. Emissaries have been sent to the local area, there have been repressions and individual cases of abuse of power and threats. We are aware of such facts although we have not visited the area and we have not applied any pressure on the population. Meanwhile, wherever there are Turks, we shall be defending their interests.

There is tremendous interest in the meeting. It will be a meeting not of warning but of bringing to light the truth and the problems we are facing. It is not our custom to seek democracy on the streets. Regretfully, the state is forcing us to do so.

#### Details on Proposed Defense Law Given

93BA0334A Belgrade POLITIKA in Serbo-Croatian  
25 Nov 92 p 12

[Article by R. Pavlovic: "What's New in Military Laws: Professional Core of New Armed Forces"]

[Text] In the coming period, around 18,000 soldiers are expected to be admitted under contract; a statement of loyalty is signed for a three-year term, but possibly longer, if the soldier proves himself; under the new Proposed Law on Defense, the Federal Government will have greater authority in the conduct of military policy.

Every other member of the Yugoslav armed forces will be a professional. Since a reduction in the peacetime army contingent to around 120,000 people is anticipated by the beginning of 1994, there will be 60,000 professional soldiers wearing the uniform of the Armed Forces of the FRY [Federal Republic of Yugoslavia].

The new armed force of the Yugoslav state will be completely depoliticized and purged of all previous ideological baggage. Military and civilian personnel cannot be members of political parties, and political and

labor organizing is prohibited within military ranks, meaning that people in uniform will not have the right to strike.

Besides this, the proposal that future recruits spend 10 months in the ranks of the thus-transformed armed forces, while others who do not wish to take up arms out of religious or other reasons of conscience serve 20 months, is the most important novelty in the proposed Law on the Armed Forces of the FRY, which was recently introduced in federal parliament for adoption.

### Some 17,640 Professionals Needed

Because of the determination that the core of the future armed forces should be made up of professional soldiers, military officials are planning to admit 17,640 soldiers under contract in the coming period. The campaign to win over professionals began back at the beginning of this year, but has really gotten going only recently, with the announcement of numerous competitions.

The official army newspaper VOJSKA is full of advertisements seeking saboteurs, tankers, reconnaissance scouts, commanders of armored personnel carriers, commanders of artillery and missile squads, military police, weaponry mechanics, telegraph operators, telex operators, radio-relay specialists.... Contracts are concluded for a three-year term.

According to the provisions of the new military law, soldiers under contract have the right to free housing in barracks located in special areas, free food, social insurance, and, naturally, a salary.

Soldiers admitted to the ranks of the army for a specific period of time will be able, if they wish, to remain active officers only if they have a high level of specialist's training. Although the professional contract is signed for a three-year term, soldiers can remain in the military for longer, depending on the results that they demonstrate during their service.

### Into Army After High School

Those are the most important conditions for future professional soldiers. For the others, in the regular ranks, the Proposed Law on the Armed Forces prescribes that they be recruited after the age of 18. When the country is in a state of war, however, the president of the republic can order that young men be recruited at age 17 as well. They enter the armed forces immediately after completing secondary school, and if a person has not graduated by age 19, he will enter service by no later than age 21.

Provisions are also made for a civilian alternative to military service. However, such recruits must submit a request within 15 days of receiving their call-up order explaining why they reject arms. Their claims will be decided on by the responsible military departments, whose commissions will include a social worker, a

doctor, an educator, and a representative of the religious community, to testify why and for what reasons the young men reject arms.

In two months, the recruit will be notified of the outcome of his request, and he can appeal the decision if it is unfavorable. The last word will be handed down by the military district; the recruit cannot appeal that decision.

What else is in the proposed military law? Military experts say that it is much more liberal than current legal solutions. Among other things, officers in the future will be able to travel abroad without undergoing an extensive verification and approval process. They will only have to declare that they want to go abroad; there will be no restrictions, except during a state of war, the immediate threat of war, or other extraordinary circumstances. Officers will appear in uniform only in cases prescribed by service regulations, and not—as is currently the practice—the entire time that they are in the service.

The punishment for officers who make mistakes and errors in service involves a reduction of the term of detention from 30 to 20 days, but an increased monetary fine. If they commit an offense, officers will have to pay for it out of their pocket, or their pay will be reduced between 5 and 10 percent for two months.

If a recruit does not respond to the call-up order or does not appear at the recruiting station without good reason, then he will be fined between 10,000 and 100,000 dinars or be sentenced to 60 days in prison. If the parents of a future soldier do not inform the responsible military authorities that their son has left for somewhere else prior to entering the armed forces as a recruit, then they will be fined between 2,500 and 25,000 dinars.

### Defense in Hands of Federal Government

The package of military laws to be debated shortly by deputies to the federal parliament also includes the Proposed Law on Defense. According to the provisions of this law, the Federal Government will have much more authority and competence in establishing and executing the country's defense policy than has been the case in the past.

In the old Yugoslavia, the practice was that the republics, or members of the federation, made decisions on the main military questions. In the future, military problems will pass into the hands of federal institutions, or rather its administration, the state president, and the Supreme Defense Council.

Naturally, the only armed force on the soil of the FRY is the Armed Forces of the FRY, under whose command the structure of the Ministry of Internal Affairs would be in the event of war.

A state of war or of the immediate threat of war is declared only by the Federal Assembly. No one, and thus not even the Assembly, has the right to sign a capitulation or to recognize occupying authorities.

It is expected that both laws will be adopted by the end of the year.

**First Army Commander Rejects Pacifism**

*93BA0291B Belgrade BORBA in Serbo-Croatian  
23 Nov 92 p 10*

[Interview with Lieutenant Colonel General Vladimir Stojanovic, commander of the 1st Army of the Army of Yugoslavia, by Borislav Solesa; place and date not given: "This Is No Time for Pacifism"]

[Text] Lt. Col. Gen. Vladimir Stojanovic, commander of the 1st Army of the Army of Yugoslavia (VJ), who was born in Brajici near Budva, chuckles at the end of the interview at the remark that all the leaders of the Serbs are Montenegrins (Serbian Montenegrins or Montenegrin Serbs), beginning with Slobodan Milosevic, Radovan Bozovic, including Radovan Karadzic (who now, to be sure, is "abroad") all the way to Gen. Radovan Radinovic and himself, who now heads a powerful military formation. He took this remark as a witticism, but he paid full attention to answering the question so as not to let something important slip by.

He considers himself completely safe as a citizen of Belgrade, and he does not believe that anyone will attack Yugoslavia, Serbia, Belgrade.... He is no longer disturbed by our possible conflicts because of political passions and the fight to take control in the state. The territory in the jurisdiction of the 1st Army is large, it includes Vojvodina, Sumadija, western Serbia to Loznica, and then to Valjevo, Rudnik, and Cuprija.

[Solesa] Transformation and professionalization are a demand of society that have been shaking the VJ. Have there been results?

[Stojanovic] We must be both professional and belong to the people, but we must not be a party-controlled army. In essence, this means a new army emerging on the traditions of the Serbian and Montenegrin people, as well as on experiences in all past wars.

The command of the 1st Army is a strategic command, and all its operational units, dependent tactical and other arms, and units as a whole constitute a strategic structure of the VJ, which covers a large area of the Republic of Serbia. This Army includes about 48 percent of the personnel of the VJ. It also covers approximately that much area of the FRY [Federal Republic of Yugoslavia].

[Solesa] Yes, transformation and professionalization are making progress, but in practice military registrants are being called up, and there is a kind of mobilization taking place. Various reports are circulating in the public about men, reservists, being called up into the Army. What is the essence of this call-up of reservists into the VJ?

[Stojanovic] There is no state of war in Serbia and on the territory of the FRY, and this country is not at war, but

the reserves, officers, noncommissioned officers, and men are needed in their wartime units for replenishment up to the necessary number so that our units would be ready to fight against a possible aggressor. We are uniformly distributing the load on people up to a month, and even two, and in exceptional cases even somewhat longer, depending among other things on their specialty and the complexity of their training. Once they finish their task, these men are discharged, and we replace them with others subject to military obligation. This is actually a cyclical thing. In other words, this means that reservists are coming and going almost every day on the territory of the 1st Army; it was that way even before. This is being called mobilization in the interpretation of political parties, but that is not what it is. Along the borders, especially with Croatia and Bosnia-Hercegovina [B-H], I think we should strengthen our forces, and we are doing that.

[Solesa] It seems we are seeing a new version of the old "the Serb (and Montenegrin) readily go into the army," but not the others. Do the inductees and reserves called up come from the other nationalities living in the FRY?

[Stojanovic] Those who are not meeting their military obligation have to make a choice, they have to know whether they are with us or against us. I must say that fewer Skipetar lads, and in some cases Hungarians as well, have been reporting and doing their military service. There is also a certain percentage of Serbs and Montenegrins, very low to be sure, who are refusing to go into the Army. Society must very quickly resolve that with legal sanctions. All citizens of the FRY must be equally represented and burdened in defense.

[Solesa] We have two main political currents on Yugoslavia's political scene, one which is frequently called the "peacemakers," headed by Milan Panic, minister of defense and federal prime minister, and the other the so-called "belligerent" current, which is republic-based, Serbian, headed by Slobodan Milosevic. That division is allegedly manifested in differences between two armed forces — the Army of Yugoslavia and the police of the Republic of Serbia. What in general are the relations between those two uniforms?

[Stojanovic] The Army adheres exclusively to the provisions of law—to defend the country's integrity and constitutional order. The police of which you speak, actually agencies of the ministries of internal affairs of Serbia, Montenegro, and the FRY, perform tasks within their jurisdiction which arise out of the Constitution and law. As for cooperation, it has been and remains good.

[Solesa] Information was recently made public, unofficially to be sure, about a new distribution of the weapons of the former territorial defense [TO] and JNA [Yugoslav People's Army], in which some would go to the Serbian police. What in essence will happen to that armament?

[Stojanovic] We have built all the TO units into the structure of the Army of Yugoslavia, renamed them, and

adapted them to the needs of defense. If a brigade, for example, was previously called the Southern Banat Brigade, it now has a new name. Now, for instance, it would be the 101st Brigade. The personnel and weapons have remained the same.

[Solesa] That also applies to Montenegro?

[Stojanovic] Absolutely, to Serbia and to Montenegro and to the entire structure of the FRY. I am referring to Serbia, because that is the territory of the 1st Army, where we are performing our tasks. Under a decision of the government of Serbia, the distribution of materiel was accomplished to the satisfaction of everyone and fairly, without any disagreements whatsoever. We are still working out certain things, because we still have not used up all the time given us. If mistakes have perhaps been made in some cases, we have an opportunity to correct them.

[Solesa] The Serbs and Montenegrins are combative, some would say spiteful and proud, while others call this barbarism, depending on the viewpoint. Is it possible that now at the end of the 20th century the Serbs will perhaps evolve into pacifists?

[Stojanovic] I do not think so. But we need to bear in mind that the Serbs and Montenegrins have never threatened others, but down through history have always waged defensive wars.

[Solesa] Do you think that the pacifist current has a chance?

[Stojanovic] And what do you think?

[Solesa] Well, here is a datum: It has been calculated that only between 6 and 10 percent of men from Belgrade answered the call for mobilization of the former JNA, is that not so?

[Stojanovic] Yes, but that was in a Serbia which had not declared war and in the time of the former JNA. Units in the city of Belgrade have other tasks, and the percentage of those who reported might even be the percentage of the total number called. What if that is the case?

[Solesa] Along with its many faults, the socialist JNA had one specific feature, and that was that it acquired a great deal of modern weapons. MiG-29's and many other things were acquired because of that particular marketing policy, and production of the M-84 tank was also mastered. All of that armament is now here. Is thought being given to updating the technology, and what kind of weapons and guns would be acquired?

[Stojanovic] The armament of the 1st Army is just as adequate and powerful as what the 1st Army District had previously, and we have sufficient reserves. Some factories have already mastered the production of military equipment previously manufactured in Slovenia, Croatia, and B-H. The level of all of this is right at the top; I would not itemize things, but we have enough of that, including up-to-date missile systems, artillery fire

control systems, etc. We have new production plants where we are making soldiers' clothing, which is just about to be changed, including our insignia.

[Solesa] That is one of the questions which intrigues the public, because quite a few people feel that the uniform of the old army is unsuitable to the one that is supposed to emerge from transformation of the VJ....

[Stojanovic] I agree with those critics, but the job ahead of us is expensive. When various units came from all over the world as part of the forces of the UNPROFOR [UN Protective Force], it seemed that our soldiers were comparing uniforms. Their uniforms look smarter, and our young men want to have uniforms like that, which I fully approve and accept. But more important than the uniform and all the other questions about which we have spoken is the fact that today I can say with satisfaction that in this phase of the transformation all units of the 1st Army have already achieved a high level of capability, moral firmness, and determination so that they can carry out all combat missions and guarantee full security and freedom to the citizens.

#### [Box, p 10]

#### "Yugoslavia" Would Have Allies

[Solesa] Because of the sanctions, possible attacks are mentioned on strategic objectives in Yugoslavia, which would first mean airfields, Belgrade, ammunition factories.... Almost according to a plan familiar from 1941, when the German commander Lehr bombarded Belgrade. Is this preparation of the Army related to that "sinister dance"?

[Stojanovic] Certain units at important points have to be brought to complete combat readiness, that is, they have to be prepared to carry out their missions and successfully put up a defense and defend specific facilities and specific routes. It is in fact our desire, through proportionate call-up of inductees into their wartime units, to guarantee that all are equal in their involvement, and also constant replenishment of both the peacetime and wartime units. We did in fact do that earlier, by decision of the federal secretary, for a period of 45 days, but that did not turn out well. Now we are adjusting the call-up to the situation and assessment. At present, this is no longer than 60 days in the 1st Army. That period would be longer only in a very serious situation, as you have referred to in your questions. I think that there will be no bombardment of Belgrade nor action against the territory of the 1st Army, and the grounds do not exist for that. Anyone who decided to attempt something of that kind must know that even this "small Serbia" and this "small Yugoslavia," regardless of the stories that have become constant to the effect that we have no friends and allies in the world, in fact do have friends, and we would also have allies. We also have forces to successfully defend vital facilities and to deter an aggressor from his intention.

Should something like that occur, then we would not be calling up people for exercises lasting two months, but it would be a general mobilization, a general resistance of the people of Serbia, Montenegro, and the FRY, and that would then signify fire in the Balkans. No one can defeat us except we ourselves.

[Box, p 10]

#### A General Among Policemen

[Solesa] There is growing thought being given in the public to animosity between the Army and the police. After you appeared on television with a detachment of the special police, some people wondered: What is a general in the Army doing among the police?

[Stojanovic] I consider it a distortion and abuse to represent my appearance with the police, that is, with the Serbian Ministry of Internal Affairs, as illogical, as some people have done. We cooperate with the police every day in traffic control and guarding facilities, economic and military, and in other functions as well. That cooperation is in the mutual interest, and I think there is nothing unusual in it, that that is also the practice in other countries.

[Box, 10]

#### Chetniks and Partizans

[Solesa] Some of the parties are talking about the need for a fundamental transformation of the Army, about the need to reevaluate the Chetnik movement and Draza Mihailovic. This is even being posited as a precondition. At the same time, there are those who consider the Army of Yugoslavia, in spite of everything, a continuation of the leftist Partizan traditions. How will you trim the "military vessel" between the Scylla and Charybdis of the divided social environment?

[Stojanovic] That must be answered by our bodies of government and political authorities and the leaders of the various parties. The Army of Yugoslavia, especially its active structure, must be completely nonparty, and in the 1st Army we have had quite a bit of success in that regard. There are several reasons. We are trying to be exclusively an Army of the state and of the people. Which party is going to be in power ought not to be our problem, and we do not make a commitment on that basis, because if we should frequently change our program and organization, that would be terribly expensive, illogical, harmful, and even dangerous. I suppose that no party that came to power would allow that. Those who speak about the Chetniks and all the rest—that is their affair. Let them be heeded and approved by anyone who thinks like they do, but in the Army we are quite definite and clear in that regard, namely that we are the Army of the state and of the people.

#### Mystery of Croatian Milk in Belgrade Explained

93BA0295I Belgrade BORBA in Serbo-Croatian  
24 Nov 92 p 12

[Article by T.J. and M.B.: "Packaging Without Politics"]

[Text] Surely the Croats have not decided to help us during the blockade? an innocent consumer said in amazement when over the weekend he strolled through Belgrade supermarkets which turned out to have milk from the Rijeka Dairy. Before he put five or six liters in his shopping bag, he wondered "God knows what they put in it." And immediately afterward he observed in a conciliatory tone—"It is not important whether the word for milk is mljek or mleko, the important thing is that there be some."

This Belgrade citizen was not the only official consumer last weekend. Many thought that the former "brotherhood-unity" had been revived through the smuggling economy. The only question was through what channel the milk leaked through—via Vienna or Bar?

A little investigation by BORBA showed that the Rijeka "mljeko"—was printed in Gornji Milanovac. It was not, then, a question of politics, but of necessity. In Tipoplastika in Milanovac, which is the exclusive partner of the Swedish Tetrapak, they explained that this was some packaging left over which had been produced for the Rijeka Dairy before the blockade.

"The sanctions and the embargo have prevented us from importing raw materials for containers for packaging the milk of Serbian producers," says Radoslav Dobricic, deputy general director of Tipoplastika for marketing. "We informed them about this and said that we have in the warehouse containers we made for the dairy in Rijeka. The Serbian dairymen insisted that we send them the Tetrapak containers printed that way." Director Dobricic says that these inventories remained in Milanovac only because of the blockade, because Tipoplastika, the only producer of those containers, had regularly supplied dairies in Croatia and Slovenia even after the SFRY disintegrated.

The reaction of one of the directors of an important Belgrade commercial firm indicated that what at first looks like a trifle in consumer technology aroused political caution:

"But why are you putting that question to me? Why would the time stand in the way of that? These are actually containers which the Beograd Agroindustrial Combine—IMLEK withdrew from what used to be its Rijeka milk processing plant. Anyway, our stores are not the only ones receiving that milk."

### **Role of Government Accounting System in Macedonia**

*93BA0260A Skopje NOVA MAKEDONIJA  
in Macedonian 14 Nov 92 p 14*

[Article by Violeta Cvetkovska: "Preserving the System or...."]

*[Text] Neither the Constitution nor the existing market management conditions include the possibility of retaining the old SOK [Public Accounting System]. Gradual or radical changes will bring about changes in functions and jurisdictions. Breaking up the monopoly and development of competition.*

The days of the Macedonian Public Accounting Service, in its previous shape, are numbered. Unquestionably it must be given a modern shape consistent with market management conditions, which are developing slowly but surely. The only remaining question is that of the time and the pace at which this service will be transformed in accordance with the greater needs of enterprises and of all other users of its services. Although the political and, above all, the economic public seems to agree on the inevitable reorganization of this financial institution, of late there have been disagreements concerning the urgency of making changes in its work and transferring some of the functions of the Public Accounting Service to similar and to competitive entities or companies.

#### **A Government Service**

Although of late there has been more talk on this issue, on the situation concerning the transformation or, more specifically, the elimination of the SOK in economic circles, the public has been concerned with this issue for some time. More specifically, such concern started four months ago, when at a meeting of the parliament, Stojan Andov, the chairman of the Assembly of the Macedonian Republic, raised the question of the justification for the further existence of the SOK, which fell into a nonconstitutional category with the adoption of the new Constitution.

When I addressed the Assembly, Stojan Andov says, I was guided by the new situation, which was created with the adoption of the Constitution, which does not provide for a service such as the SOK. This means that we must observe the Constitution so that we may have the moral right to demand of others to honor it as well. It is no accident that the Constitution does not mention the SOK. The SOK is an instrument of the state, a state service, the purpose of which is to ensure the integrity and functioning of the public ownership system. If we are oriented toward a market economy, the main question is how to establish the mechanisms that are needed for the development of private ownership so that it could become functional, and to break up the old mechanisms that are preventing a market-oriented management. My speech was not aimed against the people of the SOK, for

they are good experts who will immediately find employment in similar companies. However, the SOK has a monopoly in the areas of payments, analyses, control, audits, and property assessments, which is a wide business area. No one has the facilities of the SOK in the area of accounts and neither could anyone compete with it. It holds the facilities for competing. That is why this actually eliminates any market-place development in that area. For that reason, I and my party insist that a faster end be put to this process, for not only this process would have harmful consequences to the economy but would also lead to abuses. For example, I was personally concerned by the ratification of the agreement for payment with Slovenia. On our side, it had to go through the SOK and, on their side, through commercial banks. Initially I thought that this was an embarrassment, but then I thought that the government intends not only to retain the SOK but also to broaden its area of work in international payments. That is why I said that economic harm will result for the Republic of Macedonia and that we can see the consequences. We have a trade deficit of \$30 million, which were paid cash, under circumstances in which we lack foreign currency to purchase petroleum and medicines.

Account settling, Andov says, should be transferred to the banks and develop as a neutral institution, as is the case with the "clearinghouse" system. Rules must be passed governing the work of companies such as Coopers & Lybrand and similar other companies operating throughout the world, thereby eliminating SOK monopoly. We must institute identical auditing standards. We must also change the agreement according to which the SOK regulates payments that support it, and thus can provide other services very inexpensively (such as audits), and thus engage in disloyal competition. There is no need for the SOK to protect public property. The state will pay attorneys to do so. It is being hinted that we are defending the financiers of our party for the purpose of blocking the making of changes. If the SOK has such data it should make them public. It must be brought in the open and this is not being done the proper way.

#### **Gradual Transformation**

General Director Ilija Boskov holds the totally opposite view on the further fate of the Public Accounting Service. He too supports its reorganization, but gradually, through evolution.

I would like, Ilija Boskov says, to respond to the charges that the SOK is a bolshevik creation, that it must be abolished, and that the model of a market economy be adopted. I believe that this is unsuitable in our case. There are several explanations for this fact. Similar institutions in a market economy function wherever private property accounts for between 80 and 90 percent of exports. Furthermore, such work is done under stable management circumstances. The question is whether we could duplicate them and, in such a case, could we be efficient. We must also ask ourselves whether and to

what extent the SOK blocks the implementation of reforms leading to privatization and to a more stable system. I believe that we cannot simply borrow its work standards. All that remains for us to do is a gradual reorganization of the Public Accounting Service.

We suggested that several special nuclei be developed within the SOK, which would later become separate institutions. What, actually, do we have now? We are aware that financial control today is handled by two institutions, the Revenue Administration and the SOK. They must merge into one. We have also drafted a Law on Financial Inspection. The SOK should first convert into an institution for account settling, auditing, and supervision. In our country payments are made, in addition to banks, by yet another five entities, such as the post office and the banks within the SOK, which are all part of our system. As to banks, Boskov says, we must first improve them and make them from almost corporations to real corporations and develop confidence in them and only then ask them to assume payment functions. In turn, they should draw up a plan on how they intend, if they indeed do intend, to formulate a payment system. In this respect, this service is the most advanced, for we make electronic cash transfers. This is not to be found in the West. In the area of payments, we must be supervised by the Macedonian National Bank. As to audits, the reorganization of public ownership will take a number of years, and during all that time there must be an institution that would supervise such public property until it is converted, in order to prevent its disorderly handling.

#### A Conglomerate of Functions

Perhaps the most interested entity in the faster reorganization of the Public Accounting Service is its leading competitor in the Republic in the area of audit and accounting services: Coopers & Lybrand. This was explained by its director Rudi Lazarevski.

The most important part of a system, Rudi Lazarevski says, is the accounts-settling system, which is 90 percent of the economic system. All the rest is simply nice talk. So far we had only one institution, the SOK, which is a conglomerate of functions and the protector of public property. Now, however, we have several types of ownership and the SOK should change. If the SOK remains unchanged but in a different system it will protect the old system. Its functions must now be separated. The state must be concerned with state functions; commercial functions must be market-oriented and entities must compete for them, and an independent institution must deal with neutral functions that affect everyone. I am in favor of faster reorganization. Financial inspection and state audits must be kept under parliamentary control. This is the function of state institutions. The state will authorize one of the existing auditing houses, which will do such work for the government. A financial audit is the function of the shareholders and must be competitive. Currently, the only such houses are SOK and Coopers & Lybrand. This is what is happening with Coopers &

Lybrand. Coopers & Lybrand is obligated to keep its transfer account in the SOK. This allows the SOK to examine the account of its competitor at all times.

Another stipulation dealing with account payments is that of financing that service. This means that we ourselves are financing our competition. The competition pays for all of its functions through the stipulation on payments; in the area of audits, it can quite inexpensively and disloyally compete with us. That is why we are not prepared to finance the gradual development of the SOK. On the other hand, since Macedonia is a small country, it is not financially profitable for us to develop specialized institutions. With minor changes, we could apply the existing standards and modernize the accounting system with the facilities at our disposal. Therefore, that is the trend to be followed in breaking up that service. The state functions must be assumed by the state; neutral functions and payments must be the duty of a neutral service which will maintain equal conditions for all account-settling customers. I personally believe, Lazarevski says, that it would take very little time to remove the payment function from the service without any upheaval to the Macedonian economy.

Based on all of this, and regardless of the pace of the reorganization and the various results of the separation of functions and the individual interests of the financial institutions currently functioning in our country, one thing is unquestionable: Under the conditions of a market economy, which are developing in our country, such a Public Accounting Service should function no longer. A new and perhaps reorganized service, which now is behind its time and the market, will be developed by the institutions that will determine the nature of the accounting system, whether the old or the new.

#### Foreign Companies Find Sanctions 'Unsuitable'

93BA0300B Belgrade VREME in Serbo-Croatian  
23 Nov 92 pp 12-13

[Article by Zoran Jelicic: "The Sanctions: A Two-Cycle Water Heater"]

[Text] During the days of waiting to see how various states will apply the most recent decisions of the UN Security Council, which have announced strict enforcement of the embargo on business with the FRY [Federal Republic of Yugoslavia], the top man of the automobile manufacturer in Kragujevac made a statement. Zastava is bringing out a new production program, ranging from hardware for furniture to water heaters, and the man who has been its general director for many years says that flexibility is a characteristic of companies in the advanced countries. To be sure, that business vitality is arriving in Kragujevac out of necessity, because of the impossibility of assembling automobiles, but this does not alter the fact that this factory, which belongs to Bozovic, turns a profit as the principal motive in conduct of its business.

### **Radoman Instead of FIAT**

Anyone who is uninformed about the Yugoslav situation might think that this is a matter of following the world trend, because the largest world automobile manufacturers actually are threatened with a new crisis. Sales in Japan are off about 5 percent this year, and automobile sales in the United States this year will be down at least three million from six years ago. However, by contrast with Kragujevac, the world producers are seeking savings by obtaining their technology, and experts estimate that breakthroughs to new markets will be possible only in collaboration with the domestic automobile producers. Wherever they exist.

Of course, no reasonable person could have anything against the attempt of this or that factory to survive the present cataclysm. It just is not good form to portray such attempts as the consequence of the rule of profit. Almost that same day, Belgrade metalworkers were rubbing their hands, because under pressure of the Serbian government they had received money from the primary note issue of the National Bank of Yugoslavia, and they were saying that it is better to produce for the warehouse than to receive salaries from the government for not working. However, the case of Zastava in Kragujevac is a good illustration of an incomparably more important topic, that is, the dilemma of whether the collapse of the Serbian economy began with the international sanctions this summer? The essential thing is to recall that Zastava has been unable to operate normally ever since the SFRY began to disintegrate. Rodoljub Micic, Zastava general director, knew that this was inevitable from the moment when he and a group of Serbian business executives tried to get around Milosevic's economic blockade of Slovenia. The end of the story about Zastava occurred the day when Radoman Bozovic came to Kragujevac instead of FIAT. And that was before the international sanctions.

### **Resignation**

What do business people predict now? All of those to whom VREME turned gave this same identical answer: The erosion of the Serbian economy began before the sanctions, it then speeded up when the embargo was put in place, and now the plunge is beginning. To be sure, none of those asked believe that it is possible to impose an enforcement in which no one can sell anything. All Serbia's neighbors have taken part in violating the embargo up to now, big deals have been made not only with West European, but also with U.S. and Japanese firms. All of this is, of course, incomparably less than before the blockade. One domestic manufacturer says: "Before, five trucks left our factory every week with goods for export, and now there is one a month." And, of course, penetrating the blockade is not the consequence of the "truth about Serbia breaking through to the world," but the result of interest on the part of certain foreign trading partners. Such interests on the Serbian side do exist, but only for the moment, while in the long run they are merely apparent. To illustrate, one company from a country whose politicians have been charging

Belgrade loudly and persistently has continued to work with its trading partner in Serbia, but now it is paying only one-fifth of the price for the same service which it was receiving before the blockade. The director resignedly spreads his hands and says that something is better than nothing. The worst thing is that this business executive is aware that he will also have to be satisfied when the embargo is lifted and the foreign partner doubles the present price; all he will be able to do is recall sometime how long ago, before the war and the policy of waging war, he was getting five times more....

In other words, the true dimensions of the disaster will be obvious only when everything settles down and when the Serbian business executive, in renewed contacts with foreign trading partners, realizes the extent to which his effort has been devalued. Young people know this even now and are not consenting to patience, as we see from a dreadful survey among Belgrade University students: 96 percent (?) of the future production engineers said that after graduation they will immediately leave the country and that not even what used to be the ideal of a job and apartment would hold them here.

### **Note Issue and the Banks**

Again there is a tie-up of interests between the government here and foreign capital. The former have no need for people who think for themselves and are financially independent, and foreign employers will get for free specialists who have the most creative period of their work ahead of them. It goes without saying that the domestic government is not isolated, that is, that it knows how to reward those who suit it and are obedient. Those who have been regularly following events on the Belgrade Stock Exchange note that the legal reserves of the Dafiment Banka are growing day after day, which is to say that that bank's total capital is also growing, and they call attention to the fact that at the same time increased primary note issue has occurred for various purposes. The top Serbian leadership undoubtedly knows enough about banking to know how money is being channeled here, certainly not by means of the usual mechanisms, because they do not exist here, nor is there any real money for that matter.

It remains to be seen how the neighbors of Serbia and the FRY will behave following the most recent resolution of the Security Council. It goes without saying that all will make public promises of full respect for the new enforcement regime. However, it is clear that the illicit business brings in immense earnings, and there are also lasting interests. For example, this summer the Macedonian authorities calculated that strict enforcement of the blockade would cost the Macedonian economy \$1.3 billion a year, but that the loss over the long run would be incomparably greater, because it would presuppose an almost complete break with the Serbian economy, on which the Macedonian side now relies for more than half of its business. Even Washington was informed about that outlook.

The trouble, the only trouble and a small one, is that there is no partner in Belgrade for such reflections and such conversations. In official Belgrade, that is.

**Struggle for TV Dnevnik Program Discussed**  
*93BA0303B Belgrade POLITIKA in Serbo-Croatian*  
*20 Nov 92 p 10*

[Article by B. Otasevic: "The Struggle Over Dnevnik"]

[Text] *The signed rules of the election campaign have already been violated; neither NTV [expansion unknown] Studio B nor TV POLITIKA will be able to use the new frequencies before the elections; why Serbian RTV [Radio-Television] broke off its deal with Milan Panic's agency.*

When Vuk Draskovic, the leader of the Serbian Renewal Movement, announced that that party would participate in the elections but that three conditions still remained unfulfilled—and under all three of them he cited the "liberation of the TV Bastille"—this was not just a rhetorical figure of speech, the kind that this politician with a journalist-literary background tends to use in his picturesque speech. Democratic Party leader Dragoljub Micunovic, a professor of philosophy who as a politician does not embellish his speeches under any circumstances with strong phrases, epithets, and turns of speech, choosing instead simple, precise, and pragmatic expression, announced the same thing: television has become a fundamental unresolved item in the negotiations between the authorities and the opposition in connection with the upcoming early elections.

It is thus clear that this concept of the media, with respect to the election campaign, actually refers to Serbian television, more precisely to the information-political program, and quite precisely to the evening Dnevnik [Daily News] at 7:30 PM, the most widely watched, most prominent, and politically most influential broadcast, which reaches all citizens of Serbia every day, wherever they are.

**Testing Patience**

Naturally, one could discuss how justifiable it is for the opposition to be so fixated precisely on TV Dnevnik, in view of the multitude of somewhat more flimsier means of influencing public opinion. Nothing that comes from the small screen is innocuous all by itself, and the various possibilities for manipulating the public through the media are known only by those who have tried them. Nevertheless, the opposition parties—the signers of the agreement on the playing rules in the election campaign—had to concentrate on the main program points and stay with minimal demands. The coordinated list thus included special election broadcasts and presentations of parties and candidates, then a temporary interruption of the news broadcasts Zip, Aktuelnost, Razgovor s povodom, and also Dnevnik, without editorial and journalistic commentaries and similar "supporters" columns.

Regardless of whether the above rules had gone into effect last Saturday, when they were signed, on Tuesday, when TV announced them, or whether they will only go into effect when the sequence of the candidates' appearance on the screen is determined by lot, they were already violated in Novi Sad TV's Dnevnik, through the crude manipulation of a reporter's film about a family that lost its daughter in the war. The Democratic Party publicly protested in a communique, but on the very next day the Aktuelnost broadcast devoted to the report for the UN on war crimes in the former Yugoslavia could have been questioned. Each new day has offered something dubious, and so it is obvious that Serbian Television's editorial office will constantly try the patience and tolerance of the opposition that is participating in the elections—with the right to refrain from them if television is exaggerated into a propaganda machine.

**Conquest by a Step**

And while it is hard to expect rapid changes in Serbian Radio-Television's ponderous management and administrative mechanism, hope of greater diversity before the multiparty elections was aroused by the news that NTV's Studio B and POLITIKA TV had been allocated new frequencies for expanding their broadcasts. Both firms say that at best a month is required to equip themselves technically and technologically to use the new frequencies. Provided that there is cash, that the necessary equipment can be imported, and that there will not be any disputes of a legal-property nature, the first new viewers could only be acquired—after the elections.

NTV's Studio B is skeptical, expecting, at least in this case, frictions of a political nature, with the usual relationship between federal and republic institutions. It consequently thinks that under the given circumstances the pre-election period has been lost for it. Emphasizing that an investment fund of a million dollars would not represent a problem, Dragan Kojadinovic, the director of NTV's Studio B, expects obstacles in the purchase of equipment, or in the installation of the equipment they already possess. He also mentioned a "backup option" that would expand the program for two weeks, but he did not yet agree to talk about it publicly.

POLITIKA Television is also talking only about the first phase and the prerequisites for long-term, expensive investments. Oriented toward expansion to large cities, this TV station does not want to make predictions and announce deadlines, but its preelection TV program will also obviously remain limited to its present audience. Obtaining the new frequencies is thus objectively a big step for the above-mentioned television companies, but it is currently a little one or none at all for the audience itself, and especially for its expectations in the pre-election media campaign.

**Dollars for a Satellite**

While domestically the elections are turning out to be the main television topic, one TV current event is associated

with the outside world. Last Friday, in the satellite program that RTVS broadcasts for our people in Europe and America, general director Milorad Vucelic announced the collapse of the RTVS-MPSAT firm, through the simple severing of the relationship between the first part of this agency and the second. The first, obviously, is Serbian Radio-Television (at the time of the formation of the firm Belgrade Radio-Television), and the second is Milan Panic's agency, which obtained the exclusive right to organize the complete marketing of the satellite TV program and collect subscriptions or contributions from the viewers there. The general director stated that the partner did not fulfill expectations, and that the satellite program was facing termination because of financial difficulties. That is why RTVS decided to take the marketing into its own hands, and entrust the business to one Swiss agency and one American one, which in the beginning, on a voluntary basis, will collect subscriptions of \$100 per year. At the same time, a system will be developed to "scramble" the program so that in the long term payment will be made for decoders, and thus funds for the satellite program will be formed.

There has not yet been any reaction from MPSAT in connection with this. One can learn from the director of RTVS's Foreign Public Information Center, Miodrag Ilic, that upset viewers from Europe and America, willing to pay twice as high a subscription, called immediately about the news concerning the possible termination of the program. It is characteristic that RTVS's domestic audience is not as enthusiastically interested in paying for what it is currently watching. Refusals to pay, and irregular payment even more so, are assuming alarming dimensions and making the business situation of RTVS's large public system even worse.

### **RS, RSK Invalids Protest in Belgrade**

*93BA0295C Belgrade BORBA in Serbo-Croatian  
20 Nov 92 p 6*

[Article by M. Kovacevic and Z. Saponjic: "Betrayed and Forgotten"]

[Text] Belgrade—In wheelchairs, on crutches, with prosthetic devices, artificial arms and legs, the war wounded from the RS [Serbian Republic] and RSK [Serbian Republic Krajina] being treated in Belgrade, about 100 of them, yesterday spent more than seven hours knocking on the doors of federal and republic institutions seeking a final resolution of their status and at least the funds they need to survive.

Following a wait of several months, according to their account, for someone in the republic or federal state to take them under his protection, the disabled veterans began yesterday's protest in front of the building of the General Staff of the Army of Yugoslavia [VJ]. After an hour's wait, a lieutenant colonel came out to meet the wounded men in front of the General Staff, but he did not want to introduce himself and invited them to a

conversation in one of the rooms of the General Staff, but not in the presence of journalists. The disabled veterans rejected that and set off for the Federal Assembly.

"For bodily injury in Category I, for a man who is completely immobile, the compensation is about 550,000 dinars, yet just one prosthetic device costs 5,000 German marks [DM]. That means that a man would have to lose four legs and two arms in the war to be able to afford one prosthetic device. The monthly disability payment of 10,000 dinars is not enough even for bread," the wounded men said yesterday, while they went in a column from the building of the General Staff to the Federal Assembly.

"We have been deceived by everyone. Those who drew us into this got their sons out of the way in good time. The unfortunates, the poor, and the fools are dying. The republic leaderships and, above all, the Army are to blame. It is under its flag that we fought, and now there is no one," were the words of Dragan Ivacic, wounded the first time on 2 November 1991 on the Sunja and the second time on 26 July of this year near Doboj.

Because no one else was waiting for them in front of the Federal Assembly, at 1200 hours the representatives of the wounded men presented their demands to the Assembly guards, and at the same time requested that someone from the federal or Serbian Government come out in front of the Assembly and take a position concerning their demands.

The wounded and disabled from the RS and RSK are demanding equal rights as soon as possible with disabled veterans who are citizens of the FRY [Federal Republic of Yugoslavia] and also that they be assured minimum material assistance at the level of the average personal income. The wounded are also asking that money payments begin no later than 25 November and that they be provided temporary accommodations until their treatment is completed.

The disabled veterans backed up their demands by saying that they were mobilized and called to the battlefield by the JNA [Yugoslav People's Army], that is, the former SFRY, and so "the FRY, as the successor to the SFRY, ought to inherit concern about people whom the previous state community drafted into the war."

After they waited for two hours, at 1400 hours, Milan Milanovic, president of the initiating committee of the wounded men, called for veterans from Serbia to provide them support and said that there is nothing left for the wounded men to do except begin a hunger strike unless their demands are met.

Mladjan Skobalj, under secretary in the Federal Ministry for Labor and Health, addressed the disabled veterans shortly after 1500 hours and said that during the day the Federal Government had been informed about the demands of the disabled veterans and the decision had

been made that the government would take a position on those demands by next Thursday.

Dissatisfied with what they had heard, about 1530 hours the wounded men blocked the intersection at the main post office and completely stopped traffic along Revolution Boulevard and Knez Milos Street. The blockade was removed 30 minutes later, when Captain Dragan appeared among the wounded men and asked them to withdraw.

At the same time, a delegation of the wounded men went off for negotiations with the federal minister for labor and health, and at the time of this writing some 100 wounded men are still in front of the Federal Assembly. They are threatening that they will block traffic in the city once again unless they are addressed by Cosic, Panic, Milosevic, or Bulatovic.

[Box, p 6]

#### A Blot on the Conscience of the Government

The Managing Board of the Association of Disabled Veterans of Serbia's Wars of Liberation yesterday supported the demands of its fellow fighters from Krajina.

"We feel they are not seeking anything that is not normal. If there is anything that can be a blot on the conscience of the entire Serbian people, then they are the disabled veterans and their families. Everyone must think about this, above all, the current government."

[Box, p 6]

#### Support of the Democratic Party

The Democratic Party fully supports the demands of the disabled veterans from Krajina and the Serbian Republic put forth at the protest meeting held yesterday in Belgrade, states a press release of the party.

We feel that Yugoslavia and Serbia have a moral obligation to take care of people who fought under the command of the JNA and were called up by the SFRY Presidency, and were wounded after withdrawal of the JNA from B-H [Bosnia-Hercegovina] on 19 May 1992, until conditions come about in Krajina and the Serbian Republic for their governments to take over proper care of these war casualties, the press release states.

#### Montenegro Bank Official on Primary Issue Dinars

93BA0295E Belgrade BORBA in Serbo-Croatian  
24 Nov 92 p 12

[Article by J. Kesic and D. Vucinic, based on interview with Milojica Dakic, vice governor of the National Bank of Montenegro: "Topcider Is Producing for Export"]

[Text] The authorities in Serbia never have enough money from Topcider, especially just before an election, and that is the reason why Prime Minister Radoman

Bozovic hardly ever misses an occasion in his public statements to harshly criticize the federal monetary authorities for having turned off the faucet at the mint. In the general lack of money, it would be logical for the other federal unit, which is smaller and poorer, to have still greater problems and to scold still more loudly. But not a peep is being heard from it, as though it is sitting pretty for money. This was an occasion for us to ask Milojica Dakic, vice governor of the National Bank of Montenegro, how much primary money that republic is obtaining from the total issue and how it is using it?

"Primary note issue, whose limits are set by the National Bank of Yugoslavia [NBJ], is not distributed by republics, but credits are approved from it directly for specific programs and purposes," Vice Governor Dakic explains. "Those credits, of course, go through the commercial banks, exclusively those fulfilling the elementary conditions of creditworthiness and that themselves are required to take part in the credit financing of those programs with their own resources. In Montenegro, those banks are those in Pljevlja, Ivangrad, and Niksic and the new Mortgage Bank in Podgorica."

"The funds from primary note issue have not been mainly used in this republic for consumption (pensions, salaries, etc.), nor will they now," Dakic said. "The request for use of credit from the central bank has mainly been filed by those enterprises producing goods that can be stored to wait for the international community's sanctions to be removed. They are the Aluminum Combine in Podgorica and wood manufacturing in the northern part of Montenegro—Vukman Kruscic in Mojkovac, Velimir Jakic in Pljevlja, Gornji Ibar in Rozaj, Polimlje in Ivangrad, and Javorak in Niksic. Primary note issue can also be used by the metal-manufacturing industry, because their products can also be stored. That would include Radoje Dakic of Podgorica, the Niksic Steel Mill, and certain others."

"We feel that the funds from primary note issue should also support the Bajo Sekulic Salt Plant in Ulcinj, which is the only salt producer in Yugoslavia," Dakic says. "No provision has been made for that so far, because the decision on the goals of monetary policy was adopted at the end of last year, when the situation was quite different and when we were also getting salt from Tuzla. That is why we are now advocating the credit financing of the only salt refinery, because it is a vital product."

The National Bank of Montenegro is also requesting credit financing for the purchasing of olives in view of the specific nature of the Montenegrin region, where practically the entire area from Herceg-Novi to Ulcinj is grown up with olive trees. We are stressing olives primarily because we have Primorka in Bar, one of the oldest oil presses in Yugoslavia. In addition to up-to-date machines, it also has an old conventional oil press, which nevertheless yields a different oil that can be exported quite well to the foreign market. As for other tropical food products that can be grown in Montenegro, so far

we have not requested support from primary note issue, but in the future we probably will, especially for those that go for processing.

The new national bank bill, which calls for essential changes in the monetary system, is now going through proceedings in the federal parliament. Among other things, it will abolish the national banks of the republics, and they will be replaced in Belgrade and Podgorica by main branch offices. Asked whether Montenegro would lose anything because the branch in Podgorica would not have the status of a juridical person (nor would the one in Belgrade), Dakic replied: "I think that the concept of the new National Bank of Yugoslavia had to conform to the concept of the political design of FR [Federal Republic] Yugoslavia. So, if Montenegro is one of the constituent elements of that state, then the monetary system had to be shaped the same way as other bodies, agencies, and organizations at the level of the FRY. And that means that the main branches should have had the status of a juridical person whose jurisdiction would be defined by a federal law."

Dakic believes that the proposed concept of the law would be good under certain ideal conditions in which the state and economy and the banks might function, but he is skeptical in view of the circumstances in which we live. As a practical matter, Montenegro loses through this concept the right to participate with its vote in drafting the decisions that will be adopted in the Central Bank.

### **Primary Issue Dinars To Salvage Enterprises**

*93BA0295A Belgrade BORBA in Serbo-Croatian  
20 Nov 92 p 11*

[Article by Z.K.: "Metal Manufacturing Gets Money"]

[Text] Belgrade—Last week, the governors of the National Bank of Yugoslavia [NBJ] realized that the metal-manufacturing complex is at its last gasp when they approved 75 million dinars from primary note issue "in order to maintain production." So far, the criteria have been satisfied by the following, who have also received credits from Beobanka: IMT, Zmaj, IKARUS, Teleoptik (joint stock company and Ziroskop), IMR, DMB, Petar Drapsin, IPM, Jugostroj, IKL, Kolubara-Metal, Rekord, Metal Fabrication Industry, Ivo Lola Ribar, and Minel.

"This means a great deal to us at the moment, because today 1,100 workers are coming to work after four months thanks to the money we have received. By the end of the year, they will assemble about 60 buses for the Belgrade Municipal Transportation Enterprise and Lasta," Stanislav Glumac, director of IKARUS, was quick to say.

The greatest mistake, Glumac went on to say in the same breath, is that up to now the government has been channeling funds into the fund for minimum incomes instead of creating a fund to restore life to the economy still earlier. It is also indispensable at this moment,

Glumac feels, to create inventories (because these are goods which do have their value), rather than paying for idleness, as the government has been doing up to now.

Petar Dubajic, deputy general director, confirms that the measures have had a stimulative effect on IMT (it began production yesterday), because the funds received will mostly be used to purchase components lacking for the assembly of about 1,500 tractors.

Nevertheless, with respect to the funds which have been approved, Miloslav Filipovic, director of Minel, is less optimistic. All of this does not solve the real problem, and there is no theory about operating in the long run. This is just enough to keep us from shutting down production, Filipovic concludes.

Rade Borojevic, secretary of the industrial sector in the city's Economic Chamber, agrees with that observation, commenting that the "funds received will help for the moment, but they are too little to rescue the metal-manufacturing complex in the long run."

### **FRY Petroleum Capacities Assessed**

*93BA0295B Belgrade BORBA in Serbo-Croatian  
20 Nov 92 p 11*

[Article by J. Putnikovic: "Wells of Unrealistic Optimism"]

[Text] "Patriotism based on the argument of roots is still in fashion in our country. And all this euphoria over the Turija North oil field and telling the world that no one can do anything to us and that we do not need anything is out of place. After all, under the conditions of the blockade, especially if it is lengthy and tightly sealed, no industrial civilization can survive. It may turn into a rural society and go back to 19th-century technology. To a society in which the laws of war communism prevail and a society which is militarized to the maximum. If someone has had that objective, then we are on the right road."

This comment on the optimism of the two Serbian presidents concerning the regular visit to the Turija North oil field came from Djordje Buric, petroleum specialist and member of the National Energy Committee.

"Turija North is not even the largest oil field in Vojvodina, much less in Europe, even if we eliminate from the competition the offshore finds and the fields in Russia. It might only be said that it is the third largest in our country, after Kikinda-Mokrina and Velebit near Kelebija in the north of Backa. But Turija North is a deposit which at its present level of development can yield as much as 90,000 tons of crude petroleum a year. But when it is completely equipped, its upper annual limit will be about 150,000 tons," Buric explains and thus contradicts Milosevic's statement that this deposit will yield between 250,000 and 300,000 tons of petroleum a year.

### Misuse of Figures

This game of numbers in the media, however, becomes visible only when other figures are also looked at. And they say that the normal needs of the FRY [Federal Republic of Yugoslavia] for crude petroleum and natural gas amount to about 6.5 million tons and about 4 billion cubic meters of gas.

"I have always favored the professional approach and a realistic view of the situation. And under the conditions of the oil embargo what we say about balances and domestic resources must be realistic. We do have a high degree of prospected resources of both petroleum and natural gas in Serbia, and the figures say that the upper annual limit of production in Vojvodina and Stig is 1.2 million tons of petroleum and about 800 million cubic meters of natural gas. That is barely one-fifth of our normal peacetime needs. And the Turija North field, with its maximum possible production, could yield about 1.5 percent of normal Yugoslav consumption, or, say, 3 percent of the present reduced consumption," Buric says.

Going on to say that petroleum and gas are an indispensable factor of everyday life, because the chain of interdependence in an industrial society simply cannot be broken, Buric argues that the problem of the petroleum shortage must never be concealed with a story about our energy self-sufficiency. After all, our other sources of energy are also relatively scanty, and there are many sectors of consumption where the replacement of petroleum and gas is absolutely impossible.

"Nor dare we forget that in Serbia the production of other energy sources is dependent upon petroleum or gas. Without petroleum, there would be no coal, because the draglines cannot dig it without diesel fuel, diesel fuel is also indispensable to carry the coal from the mine to the consumer. Thermal electric power plants are fired with heavy boiler fuel, and because the quality of our coal is too poor to maintain the conditions of combustion, heavy boiler fuel has to be mixed with the solid fuel. Even the hydroelectric power plants cannot operate without large quantities of turbine oils, which is again petroleum. The complexity of the situation is probably captured best by the fact that there are not even the plastic cups for yogurt, because polyethylene also comes from petroleum," Buric says.

### Optimism Spiced With Demagogry

Going on to refer to Milosevic's statements that Serbia will not freeze as low-level demagogry, Buric warns that it is not wise to make complacent boasts and minimize the problem at a time when we are trying to get the blockade removed. He also mentions that people should be aware that Serbia's petroleum industry is impoverished and that production plans will not be achieved unless investments are furnished. And they must be in foreign exchange. After all, these are very sophisticated technologies, the equipment and production supplies are imported. Put simply, every well is an entire factory.

And the extent to which the shortage of money is already threatening us is evident from the fact that at the Turija North wells themselves we are having to ignite large quantities of casinghead gas, which otherwise would be used. But if the gas is to be used and the oil pipeline completed to the refinery, between \$20 million and \$30 million would have to be furnished, Buric says, and explains that it is not very smart to insist on increasing production from existing wells at any price.

Every oil field, that is, has its optimum exploitation, which is easy to calculate. But the essential thing is never to draw all the petroleum from the deposit, but usually between 25 and 30 percent. Today, thanks to the use of so-called secondary methods of exploitation, oilmen are managing to bring to the surface all of 50 percent of the "black gold" from the ground. But the essential thing is that we must respect the exploitation regime. During the first two to five years, the field is being developed, then come about five years of maximum production, and then the quantities drop off.

"If we plunder the field beyond that optimum regime, we will get a lower percentage of petroleum, so that when we talk about intensification of production, we can count on an increase of only between 8 and 10 percent. An example of how we must not exaggerate is the former USSR, where, stimulated by the psychology of the crash effort and the competition with the 'imperialist West,' they plundered their fields, and now they are all surprised that their production is dropping off between 30 and 40 percent. The mistake of the USSR threatens to be the cause of a third energy crisis, and our oilmen, who because of impoverishment of the Serbian petroleum industry are keeping things together with string and baling wire," Buric concludes, "are extracting petroleum under conditions that essentially threaten even the very results of production and work safety."

[Box, p 11]

### The Shortage Amounts to Three-Fourths

The energy balance of the new Yugoslavia, the FRY, for 1992 counted on 1.296 million tons of crude petroleum extracted from domestic wells. To meet the needs of Serbia and Montenegro (with the planned deliveries to the Serbian Krajinas), according to estimates of energy experts, four million tons of crude petroleum and 931,100 tons of petroleum products need to be imported. The planned consumption of 5.804 million tons of petroleum products, however, had to be reduced to the quantities available from domestic sources after the oil embargo was put in place.

That is why in June energy specialists folded up that sheet of paper and calculated that over the seven remaining months of 1992 the FRY would have available 730,000 tons of "black gold" from Vojvodina fields and Stig. That is, that the Pancevo Refinery will deliver to the market 985,000 tons of petroleum products, or

25.83 percent of the necessary quantities of motor gasoline, diesel fuel, jet fuel, and heavy boiler fuel, because the other products will not be produced.

Only 23 percent of the necessary quantities of natural gas are extracted annually from domestic deposits of the FRY. That is, if aside from hospitals, schools, health centers, and municipal institutions, natural gas is to be consumed by industry as well, 2.9 billion cubic meters of gas have to be imported. Thus, the planners of energy consumption in the second half of '92 calculated that we lack about two billion cubic meters of natural gas because of the embargo.

### **Gas Stations Close Awaiting Price Increase**

*93BA0295F Belgrade BORBA in Serbo-Croatian  
24 Nov 92 p 12*

[Article by J. Putnikovic: "The Mark Is Writing the Price List"]

[Text] The recent devaluation of the dinar and the storm on the black market for currency are mainly to blame for the gasoline stations going dry in Serbia. Even those which pumped fuel over the weekend yesterday threw the hoses over the pumps to signify that they refused to work to their own disadvantage.

"This morning, we stopped sales at all five service stations," we were told yesterday by Dragan Miljanic of Dafiment Trade, while Zoran Sandic of the firm Royal Rent-a-Car, which has leased Beopetrol's stations in Dobanovci and Golubinci, says that it is true that at the moment they do not have fuel, but if they had it they would not sell it at the old prices. Emphasizing that they had heard that the government had approved allowing high-test to go to the upper limit of 2,000 dinars per liter, Sandic even revealed that Royal Rent-a-Car will in future sell 98-octane gasoline at 1,600 dinars per liter and diesel at 1,200. Unless, of course, the mark continues to jump up. Then they will have to make new calculations.

Denying the price increase of petroleum products that has already been approved, but also confirming that the Serbian government is working on the writing of a new price list, Andrija Jovicic, assistant republic trade minister, says that this time the lessees of service stations and private operators will also be consulted before the final decision is made, not just the petroleum people from the Petroleum Industry of Serbia and Beopetrol. Welcoming this kind of cooperation with the "grass roots," Zoran Radoicic, director of EKOS, which sells fuel in Belgrade at the station near the City Hospital, says that the price of high-test ought to be at least 1,700 dinars per liter.

"EKOS is continuing to sell diesel fuel at 740 dinars per liter, on which we lose, but we no longer have high-test. I decided, however, to stop making sales until further notice, because it is better to lose about 1 million dinars a day in renting a facility that is not operating than to

lose 537 dinars on every liter sold. Aside from the devaluation and the jump in the value of the mark, we have now been prevented from obtaining goods by the tightened inspection. What is more, there are now so many people between us and the refinery that are getting 'their cut' that we, the lessees, sometimes have to pay more than 1 German mark [DM] for high-test," Radoicic says.

Petroleum products are also sold for marks on the black market. The smugglers, taking advantage of their new opportunity, are collecting between DM2 and DM2.5 per liter. The price is set according to supply and demand, and the essential factor is the ever greater panic about a shortage of petroleum products, which is quite possible.

Although Jugopetrol, which is exceedingly competitive with the private operators in its price list, was yesterday mainly selling fuel without coupons, in Belgrade there was no high-test at any station and regular arrived only at the Zarkovo II and Smederevo Road stations.

"My stocks have almost run out. I am selling only as long as the fuel lasts—high-test at 1,000 and diesel at 740 dinars per liter, but that price does not pay, so that any new amounts will have to go at much higher prices," says Aleksandar Jordacevic, owner of the firm KOMEKS, which sells fuel in Nis, Rudari, Brestovac, Leskovac, and Bujanovac.

### **Effect of Ban on Petroleum Transit Via FRY**

*93BA0303A Belgrade POLITIKA in Serbo-Croatian  
18 Nov 92 p 11*

[Article by Momcilo Cebalovic: "And With Cannons Against Tankers"]

[Text] *The latest UN resolution permits inspection of all suspicious ships and vehicles, and even the use of weapons if the tankers do not stop; foreign TV stations are showing how fuel is poured from some tank trucks into others at the Bulgarian border, and explaining how the fuel, under the guise of transit, is staying in Serbia; the test has yet to come.*

The UN Security Council has passed a new resolution that maximizes the monitoring of surface transit transportation through our country, and even introduces a river-maritime blockade. The list of goods that are forbidden to pass through Yugoslavia includes oil and its derivatives. Let us just deal with it.

So far we have fared well, thanks primarily—it must be said—to private entrepreneurs. In the beginning when the blockade was imposed, it resembled chaos. Everyone got to work. Now, we already know "who is mowing and who is carrying the water." The "water carriers," those who worked on a small scale, and bought goods after they changed hands several times, have big problems. It is only now that they will have them. It remains to be seen

what the "mowers" will do under the new conditions, but it will not be easy for them either.

#### "We Will Test Cannons"

The UN has imposed a river-maritime blockade against us. All ships that arrive along the Danube or enter the southern Adriatic, naturally, must not bring oil and derivatives. If they seem suspicious to the warships that are "loafing" in the waters of the Adriatic, then according to the latest resolution the latter have the right to stop them and inspect their cargo. If the tankers and other ships that receive the order to stop do not stop, but continue sailing, they may be in danger, since the resolution permits the use of weapons. The suspicious one will be warned by a shot fired above the bow. If it does not stop then either.... World TV stations showed us English ships delightedly emphasizing that they would finally have an opportunity to test their cannons.

We do not know who will venture to transport oil to our borders under these conditions. If we thought that the great powers did not know how we were coping under the conditions of the blockade, we were wrong. American representative Perkins, urging that the ring around Yugoslavia be tightened, cited a whole series of cases of violation of the embargo, and even a list of maritime companies from Greece, Italy, Egypt, and Malta that were bringing oil to Yugoslavia in their tankers. No possibility of shooting at suspicious ships on the Danube is in sight, but one should not doubt that the inspection there will be much more rigorous than in the past as well. The neighboring countries, however, would rather be concerned with their own interests instead of ours.

#### TV Pictures of Embargo Violations

Reporters from some foreign agencies were staying at the Bulgarian-Yugoslav border. Stories followed about Greek and Bulgarian tanker trucks from which derivatives were transferred in a parking lot close to the border into trucks with license plates from the republic-states that were not covered by the embargo. This was followed by the conclusion of the TV reporter, who was filmed next to those trucks, that not all the derivatives were going there, and most of the merchandise was remaining in Serbia. It was precisely because of that "hole" called transit that the last resolution was adopted. A permit from the Security Council's Sanctions Committee will have to be obtained for the merchandise on the list in that document (oil, derivatives, coal, equipment for electrical installations, iron, steel, metals, chemicals, automobile tires, vehicles of all types, automobiles, and motors). It is only with that document [the permit], which comes from New York—and we know how "quickly" it has been obtained in the past with respect to medicines and food—that the merchandise will be able to pass through Yugoslavia.

The ban on transit also applies to the railroad, and anyone who thinks that we are doing harm if we say that it is precisely that part that will affect us a great deal is

not being serious. Convoys of tank railcars can be seen with the naked eye from an airplane about the neighboring countries, and not with AWACS or satellites.

Every day 1,000 tons of oil crosses into Serbia through the Bulgarian border crossing Kalotina "in the form of alleged transit," as Associated Press reported a statement by the chief of customs there. "All of those tanker trucks have transit papers in order saying that their ultimate destination is Bosnia-Hercegovina, and so they cross our border without any problem. We do not know what happens further on with that merchandise," Juri Jordan told AP.

#### Birds Bring Oil

Since they know about the trucks, it would be naive to think that they do not know about the railroad. After all, the oil dealers, private businessmen, said a few days ago, "We do not underestimate the one who is imposing the sanctions."

What now? We asked this question of the managers of several private firms that are currently significant suppliers of the market. The answers varied. They ranged from "We still have our channels" to "Only a bird will be able to bring us oil now." It is completely uncertain whether they will still be able to use their methods of persuading officials on all sides, especially the people in white uniforms who are at the borders and monitored traffic before this resolution. It is hard to say what was used in that persuasion. It was up to us to cope. The reporters from the West will hardly deny their viewers the satisfaction of revealing to them how their countrymen have been monitoring our coping.

There are private businessmen who would boast now that they guarantee the delivery of the merchandise. After all, when politicians in the Serbian leadership boast that we are overcoming the sanctions, why wouldn't people who do not know what politics is boast about their own abilities? They have shown that they know how to work during these last few months of the blockade. We will avoid such statements, however. Now it is time for the politicians to prove the justification of their statements and for private businessmen to attempt the impossible again. Private businessmen, admittedly, often say that nothing is impossible. This is a challenge for everyone, both our "little" importers and those who are imposing the sanctions against us. If procurement becomes more difficult, the reserves that some people have, which are not small at all, will be welcome. The toughening of the sanctions, however, has to concern every serious person. The tightening of the ring coincides with the arrival of winter, and the reserves will undoubtedly be reduced. It is as if they were waiting for us to exhaust ourselves. We do not doubt that how we coped was also well known to the politicians who emphasized our resistance to the sanctions. In spite of that, they challenged the world. The world has made a new move. What move will we seal in the envelope? Will checkmate be next? Optimists would be satisfied with a draw.

[Box, p 11]

### Gas Is Not Mentioned in the Resolution

According to the news from New York, the transit of natural gas through Yugoslavia is not prohibited, even though it was mentioned in one of the versions. Why was it deleted?

Natural gas from Russia was coming to Serbia, but also to Bosnia-Hercegovina. Certain amounts of gas are also leaving through Zvornik toward Sarajevo today, and that is all that is entering our country through Hungary, nothing more. Gas has not been arriving for the Federal Republic of Yugoslavia for a long time. At the Beregovo dispatch center on the border with Hungary, there are people from UNPROFOR [UN Protective Force] who monitor the amounts that are let into our country. A resolution on prohibiting the transit of gas through our country would hurt the population of Sarajevo, and so that part was deleted.

### 'Most Successful' Firms in Belgrade Listed

*93BA0302A Belgrade POLITIKA in Serbo-Croatian  
20 Nov 92 p 12*

[Article by R. Lazarevic: "Goma the Best-Performing Firm"]

[Text] The Belgrade office of the agency for settlement and financial oversight has just compiled several interesting rankings of the most successful socialized, mixed, and private firms in Belgrade's economy. The curious thing, very significant in and of itself, is that Goma, a private firm making children's clothing, is in first place on three of the four lists.

The first ranking contains a list of 200 firms with the highest income per employee. Goma holds the first position convincingly with 28,469,207 dinars per employee. Mehanograf-BG, a commercial and manufacturing firm for job placement of the handicapped, which came in second, had barely half as much income per worker—15,816,923 dinars. Among enterprises undergoing expansion, at least that expansion that occurs in the media, Stankom is in fourth place, ICN-Galenika in 53d, MAG Intertrejd in 60th, and Cepter in 84th. Dafiment Bankska and Jugoskandik, for example, are not on that list at all, and the petroleum companies and power producers are in the bottom half. For example, Beopetrol is in only 85th place, and Electric Power Industry of Serbia in 103d.

The ranking of 200 enterprises with the largest gross profit per employee reflected similar relations. Again Goma takes a convincing first place. Mehanograf-BG is in second, Uljarice in third, and Stankom in fourth. Jugoskandik does appear on this list (in 87th place), while Genex is only in 185th, and one of the enterprises belonging to Braca Karic (Institute for Developing the

Enterprise of Small and Medium-Size Firms) is at the very tail of the list—in 200th place. Dafiment Bankska is not on this list either.

Goma is also convincingly the leader on the third ranking of firms with the highest capital formation per employee. And the next three firms are the same as on the previous list, which confirms that these really are stable firms, if it is at all possible to speak of any stability under our conditions. In a way, it is an encouraging fact that these are manufacturing firms, although we are firmly convinced that this is a time when only merchants can live somewhat more comfortably.

The fourth ranking, however, is considerably different. It contains a list of 200 firms with the highest average total monthly personal income per employee, and this list is headed by the Umka Cardboard Factory (it was far from the top of the other rankings). In second place is Jugoek-sport, in third—Autoremont, in fourth—Tehnohemija, and in fifth—Serbian Goma is not near the top. Neither is Stankom nor Uljarice. Asked why, Goran Ilic, who owns Goma, answered: "We are augmenting the firm's capital, we are investing."

It was once said of such cases that they are investing in the future. However, because our future is a big riddle, we simply do not dare to say that.

### More on 'Successful' Firms

*93BA0302B Belgrade POLITIKA in Serbo-Croatian  
21 Nov 92 p 11*

[Article by Radovan Lazarevic: "Which Are Our Most Successful Firms"]

[Text] Four rankings of the most successful Belgrade firms, both socialized and private, compiled by the republic agency for settlement and financial oversight, which we briefly described yesterday, are much more than a mere ranking. The criteria used by the compilers were neither size nor any kind of assumed power, but income earned, capital formed, and personal income per employee.

The first thing that strikes one is that practically none of the large Belgrade enterprises are among the best performers. Most of them are not even on the list of the 200 most successful firms. Among the business giants, at least in terms of size, ICN-Galenika has the best position (53d place on the list of firms with the highest amount of income per worker).

### Giants at the Tail End

There are a few more of the big firms on the ranking by largest gross profit per employee. For instance, PKB Trgovina [PKBT] is in 101st place, C-Market in 107th, Generaleksport in 165th, and the Department Store Firm in only 188th. There were also very few giants among those with the highest formation of capital.

Exceptions are PKBT (86th), ICN-Galenika (92d), C-Market (128th), and the Ratko Mitrovic Municipal Enterprise (144th).

The times obviously do not favor cumbersome enterprises. Under these extremely difficult circumstances, the smaller firms, mostly private, are faring much better. Goma, a private firm with only some 50 employed, is in first place on three of the four rankings compiled. This firm manufactures children's clothing, and its owner, Goran Ilic, explains the secret of its success this way: "We are trying to be as efficient as possible. We stick to our own specialized programs. It is also of some importance that we are the only ones in East Europe to have purchased two of the best-known world licenses in the field of children's clothing: Barbee and Walt Disney. We also have a good team of our own designers."

Mehanograf-BG, in second place on three of the four rankings, is also a small firm and also private. The name itself does not mean much even to those very familiar with the business scene in the capital. The firm has been relatively anonymous at least up to now. But if it continues this kind of business, it will not be anonymous long.

Mehanograf-BG, we were told by its technical secretary Biljana Prokic, was established two years ago by Anica Zmura, Dusanka Lemajic, and Jovan Knezevic. All three had come from Slavonia, where they had an almost identical enterprise in Cerna near Zupanja. It was destroyed in the war, but almost the same thing soon sprang up in Belgrade.

This is a printing firm. Its main products are computer-generated and other forms. It does both custom work and sells to the general public. It is a specific feature of the firm that about 20 of its 50 or so employees are handicapped. They are mainly deaf mutes and mentally retarded persons.

#### Whose Salaries Are Biggest

The fourth ranking is a particular oddity! It lists the 200 firms with the highest average net monthly personal income. The leading places on this list are taken by firms which are either not on the other lists or are quite close to the bottom. For instance, first on this list is the Umka Cardboard Factory, which is in only 118th place among firms generating the most capital. There is obviously something wrong here. Branislav Vujnovic, president of the Economic Chamber of Belgrade, explains it this way:

"When that discrepancy is pronounced, it is usually a question of pushing personal incomes at the expense of capital formation and the internal economy. At that factory in Umka, a sizable portion of the capital is in the hands of the workers, and it is not precluded that there are pressures from that quarter to increase wages."

The fact that there are almost no banks in these rankings, not even Dafiment Banka, Vujnovic explained in terms of the specific nature of the banking industry and the nature of the rankings. He said that the lists were based on criteria which emphasize the internal economy of the firms, efficiency, and flexibility.

Something more about the fourth list—about the firms in which the wages are highest. It is interesting that it includes more large socialized firms than all three of the previous lists put together. It includes, for instance, JAT [Yugoslav Air Transport] (52d place), the Kolubara Mining Basin (102d), Beograd Department Stores (107th), the Belgrade Electric Power Distribution Enterprise (122d), the Belgrade Beer Industry (142d), the Nikola Tesla Thermal Electric Power Plant (136th), Ivo Lola Ribar (171st), Jugodrv (178th), IMR [Rakovica Motor Industry] (182d), JRB [Yugoslav River Shipping Company] (183d), the Belgrade Water Supply and Sewer Firm (195th)....

To what extent this list is based on real economic strength of the firms listed is a separate question. We believe that the first thing that occurred to quite a few people reading this list was that social peace was being purchased. This is true at least of some of the firms on it.

#### The 10 Firms Placing Highest With Respect to the Level of Capital Formation and Personal Income per Worker

Ranking	Capital Formation	Personal Income
1	Goma	Umka Cardboard Factory
2	Mehanograf-BG	Jugoeksport
3	Uljarice	Autoremont
4	Stankom	Tehnohemija
5	Beograd-Sped	Serbian
6	PKB Centroprotekst	Belofarm
7	INOS	Sumadija
8	Betra	DTS Beograd
9	Interjug	Informatika DD [joint-stock company]
10	Minel-FAD	Kopvonik DD

#### The Five Highest-Placed Socialized and Private (Mixed) Enterprises Based on Capital Formation per Employee

Ranking	Socialized	Private (Mixed)
1	Uljarice (3)*	Goma (1)
2	Beograd-Sped (5)	Mehanograf-BG (2)
3	PKB Centroprotekst (6)	Stankom (4)
4	INOS (7)	Betra (8)
5	Minel-FAD (10)	Interjug (9)

\* The number in parentheses signifies the ranking on the consolidated list.

**Issue of Slovenia, FRY Property Ownership**

*93BA0307D Belgrade POLITIKA in Serbo-Croatian  
19 Nov 92 p 12*

[Report on "statement" to TANJUG by Dr. Dragana Gnjatovic, economic advisor to Yugoslav President Dobrica Cosic: "Seizure of Property Unilateral Decision by Slovenia"]

[Text] *Property-law relations between the former Yugoslav republics and the FRY [Federal Republic of Yugoslavia] must be settled through a special agreement on dividing assets and liabilities; any other decision is an act of confiscation; if there is no agreement at the Conference on Yugoslavia, then the International Court of Justice has jurisdiction.*

The Republic of Slovenia has yet to notify the Federal Republic of Yugoslavia, either officially or unofficially, of the decision by its government to assume ownership soon over the property of the former Yugoslav federation on the soil of that republic, TANJUG has learned from authorized circles in the Federal Republic of Yugoslavia.

Regarding the position of the Slovene Government, about which TANJUG reported from Ljubljana at the end of last week, an economic advisor to the president of the Federal Republic of Yugoslavia, Dr. Dragana Gnjatovic, commented on that decision.

In a statement for TANJUG, she stressed that the decision by the Slovene Government, of which Yugoslav officials learned only from the newspapers, constitutes a unilateral and arbitrary act that the Federal Republic of Yugoslavia regards as illegal.

Property-law relations between the former Yugoslav republics and the Federal Republic of Yugoslavia remain to be settled through a special agreement on a division of assets and liabilities among the Federal Republic of Yugoslavia and the seceded republics. Any other decision is premature and constitutes an act of confiscation, Dr. Gnjatovic said.

In her words, no one disputes the independence of the Slovene state, but this does not give the Slovene Government the right to simply seize facilities whose construction on the soil of that republic was financed by joint resources.

Since seceding from the SFRY, Slovenia and the other former Yugoslav republics have yet to sign an agreement on succession with the Federal Republic of Yugoslavia. At the negotiations on succession and the division of SFRY assets that are being held within the framework of the Conference on Yugoslavia, no agreement has yet been reached even on the date of succession, nor on the inventory of property that must be included in the mass of property to be divided, nor on the criteria for a fair distribution of the property, etc. Accordingly, property-law relations have yet to be clarified as well. The status of property of the former Yugoslav federation must be

resolved through an agreement among all the former, now independent republics and the Federal Republic of Yugoslavia. If, however, such an agreement is not reached at the international conference, then jurisdiction passes to the International Court of Justice in the Hague, the advisor to the president of the FR [Federal Republic of] Yugoslavia, Dr. Dragana Gnjatovic, said in her interview with a TANJUG editor.

She said that this sort of unilateral decision by the Slovene Government raises questions about continuing the negotiations just begun in Brussels, and later in Geneva, on the division of SFRY assets, because the decision by the Slovene Government is actually an act of property confiscation.

Under the constitutional amendments of 1971 and the 1974 SFRY Constitution, the conditions were created for transferring the use of property of the Yugoslav federation from the federation to republican institutions. In this way, the right to use customs stations and buildings of the Federal SUP [Secretariat for Internal Affairs] in Slovenia was transferred from the federation to republican institutions. Naturally, this right of use was transferred from federal to republican institutions without compensation, because it took place within a unified Yugoslav state. Now that Slovenia has seceded, this property must be included in the mass of property to be divided.

The right to use many other facilities (housing, barracks of the former JNA [Yugoslav People's Army], state villas, etc.) built with federation funding was not transferred from the federation to the republics in the period from 1974 up to secession, so that those facilities have remained federal property. Last week's decision by the Slovene Government relates precisely to those facilities, and its goal was to remove them from the mass of property to be divided.

It is expected that the government of the Federal Republic of Yugoslavia will react to the decision by the Slovene Government and inform the Yugoslav and world public about this.

**Montenegro Maritime Trade Collapsing**

*93BA0291A Belgrade BORBA in Serbo-Croatian  
25 Nov 92 p 2*

[Article by Lj. Mudresa: "Ships Have Dropped Anchor"]

[Text] Podgorica—The maritime economy, which until recently was the principal source of foreign exchange and one of Montenegro's most highly developed branches of the economy, faces collapse from the sanctions imposed by the UN Security Council and the very recent resolution to tighten them. Two large shipping firms, Jugooceanija of Kotor and Prekoceanska Plovidba of Bar, then the shipyard in Bijela, the Port of Bar, and other firms until recently gave Montenegro nearly 25 percent of its total inflow of foreign exchange and over 5 percent of its

total income. Today, according to Eng. Vojin Djukanovic, president of the Economic Chamber of Montenegro, since introduction of the sanctions and the international blockade, especially the latter, half of the vessels have dropped anchor, waiting for better days in one of the world's ports.

The business move which Jugooceanija and Prekoceanska Plovidba made before the sanctions were introduced, when both countries (re)registered the headquarters of the firm on Malta and underwent transformation of the firms' ownership, has not been much help in getting more cargo for the vessels and thereby increasing their utilization.

"Telex's have been sent in vain from the Economic Chamber to foreign partners saying that the former Jugooceanija and Prekoceanska Plovidba are now a joint stock company and should be viewed as such, not as a Montenegrin state-owned enterprise. None of this has been sufficient to remove the onus from these two firms in the maritime industry," says Eng. Vojin Djukanovic. And those ships which are getting cargo are facing serious problems with perishable goods, low rates, difficulties buying diesel fuel, fees charged for staying in

foreign ports, etc. "Vessel insurance was a story in itself even before the sanctions occurred. That is, our companies were treated as a high risk (wartime) insuree, so that on that basis alone insurance with the association of London firms jumped from \$3 million to \$9 million," says Eng. Radomir Mugosa, secretary of the Montenegrin maritime industry.

The difficult conditions faced by our maritime industry, shippers in particular, have also affected development. For example, Milena Ship Management Ltd withdrew its intention to buy three new vessels, although it had entered into a business arrangement worth over \$50 million, which fell through because the foreign partner did not accept the drafts of the Yugoslav bank. "The worst thing that could happen is for the maritime companies to begin to sell off their own fleet in order to survive. It is uncertain at this point how the current claims of the creditors of the banks—which actually were the financiers behind a large portion of the fleet, are to be paid," says Engineer Mugosa. So, even the shippers see their chance of survival in the sale of their own vessels, because the Veljko Vlahovic Shipyard in Bijela, the Port of Bar, and others are sending their workers home for mandatory leave because they have practically no work.

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